

**SCHOOL DISTRICT
OF
TOWNSHIP OF COMMERCIAL**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Township of Commercial Board of Education

Port Norris, New Jersey

For the Fiscal Year Ended June 30, 2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

Township of Commercial Board of Education

Port Norris, New Jersey

For the Fiscal Year Ended June 30, 2014

Prepared by

Commercial Township Board of Education

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE COMMERCIAL TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

INTRODUCTORY SECTION

<u>Exhibit</u>	<u>Page</u>
Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

Independent Auditor's Report	9-11
Required Supplementary Information – Part I Management's Discussion and Analysis	12-20

Basic Financial Statements

A. District-Wide Financial Statements:

A-1 Statement of Net Position	21
A-2 Statement of Activities	22

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	23
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	24
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25

Proprietary Funds:

B-4 Statement of Net Position	26
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	27
B-6 Statement of Cash Flows	28

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	29
B-8 Statement of Changes in Fiduciary Net Position	30

Notes to the Financial Statements	31-57
--	-------

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules:

C-1 Budgetary Comparison Schedule – General Fund	58-63
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Development Block Grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	64

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE COMMERCIAL TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)

<u>Exhibit</u>	<u>Page</u>
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	65
Other Supplementary Information	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	66-67
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	68
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	69
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	70
F-2A-E Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	71-72C
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	73
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	74
G-3 Combining Schedule of Cash Flows	75
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE COMMERCIAL TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

Other Supplementary Information (Continued)

H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Position	76
H-2	Combining Statement of Changes in Fiduciary Net Position	77
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	78
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	79
I.	Long-Term Debt:	80
I-1	Statement of Serial Bonds	81
I-2	Schedule of Obligations under Capital Leases	N/A
I-3	Debt Service Fund Budgetary Comparison Schedule	82

STATISTICAL SECTION (Unaudited)

J. Introduction to the Statistical Section

Financial Trends Information/Schedules

J-1	Net Position by Component	83
J-2	Changes in Net Position	84
J-3	Fund Balances - Governmental Funds	85
J-4	Changes in Fund Balances - Governmental Funds	86
J-5	General Fund Other Local Revenue by Source	87

Revenue Capacity Information

J-6	Assessed Value and Estimated Actual Value of Taxable Property	88
J-7	Direct and Overlapping Property Tax Rates	89
J-8	Principal Property Taxpayers	90
J-9	Property Tax Levies and Collections	91

Debt Capacity Information

J-10	Ratios of Outstanding Debt by Type	92
J-11	Ratios of General Bonded Debt Outstanding	93
J-12	Direct and Overlapping Governmental Activities Debt	94
J-13	Legal Debt Margin Information	95

Demographic and Economic Information

J-14	Demographic and Economic Statistics	96
J-15	Principal Employers	97

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	98
J-17	Operating Statistics	99
J-18	School Building Information	100
J-19	Schedule of Required Maintenance Expenditures by School Facility	101
J-20	Insurance Schedule	102

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE COMMERCIAL TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	103-104
K-2	Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Awards Required by OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	105-106
K-3	Schedule of Expenditures of Federal Awards - Schedule A	107
K-4	Schedule of Expenditures of State Financial Assistance - Schedule B	108
K-5	Notes to the Schedules of Awards and Financial Assistance	109-110
K-6	Schedule of Findings and Questioned Costs	111-114
K-7	Summary Schedule of Prior Audit Findings	115

INTRODUCTORY SECTION

Commercial Township School District

ADMINISTRATION BUILDING
1308 NORTH AVENUE • P.O. BOX 650
PORT NORRIS, NEW JERSEY 08349

Dr. SHELLY SCHNEIDER
SUPERINTENDENT
TELEPHONE: (856) 785-0362

PAMELA ZOOK
BOARD SEC. /BUS. ADMINISTRATOR
FAX: (856) 785-2354

October 16, 2014

Honorable President and
Members of the Board of Education
Commercial Township School District
Cumberland County, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Commercial Township Public School District (District) or the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections as follows:

- The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials.
- The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon.
- The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, P.L. 98-502 and as amended by the Single Audit Act Amendments of 1996, P.L. 104-156 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Commercial Township Public School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by Statement No. 14. All funds of the District are included in this report. The Commercial Township Board of Education and its two schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped youngsters. The District completed the 2013-14 fiscal year with a June enrollment of 579 students, which is 34 less than the previous year enrollment. The following details the changes in the student enrollment of the District over the last ten years.

June 30 Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2013-14	579	(3.82)%
2012-13	602	(5.35)%
2011-12	636	(4.36)%
2010-11	665	0.00%
2009-10	665	.15%
2008-09	664	.79%
2007-08	659	(.76)%
2006-07	674	(.59)%
2005-06	678	(4.10)%
2004-05	707	(0.14)%

2. ECONOMIC CONDITION AND OUTLOOK:

Commercial Township continues to be an economically depressed area, which continues to experience limited growth residentially and industrially. It is safe to say that this pattern shall continue.

3. MAJOR INITIATIVES:

The Commercial Township School District is endeavoring to raise the achievement level of all its students particularly in the critical areas of language arts literacy and mathematics. District, state, and federal funds have been leveraged to review curriculum and instruction, provide new language arts and mathematics instructional materials, and professional development in instructional methods aimed at providing professional growth for staff and improving student progress. Literacy consultants have been hired to work directly with classroom teachers K-8.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2014.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

7. DEBT ADMINISTRATION:

At June 30, 2014 the District's outstanding debt issues were \$1,760,000 in general obligation bonds. In August 1993, the District issued New Jersey Economic Development Authority bonds in the amount of \$495,990, all of which has been paid off as of June 30, 2014. The proceeds of this bond issue were placed in the District's capital projects fund for use to provide funds for capital improvements to the district's building and grounds. These improvements included re-roofing project, five classroom additions, and a covered walkway. There was also a short-term working capital loan balance, as of June 30, 2014, in the amount of \$950,000.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Raymond Colavita, C.P.A., R.M.A. of the accounting firm of Nightlinger, Colavita and Volpa, P.A. was selected by the Board's Audit Committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, P.L. 98-502 and as amended by the Single Audit Act Amendments of 1996, P.L. 104-156, and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Commercial Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the public school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff. We received the complete cooperation from Nightlinger, Colavita & Volpa, P.A. and appreciate the courtesies extended to us.

Respectfully submitted,

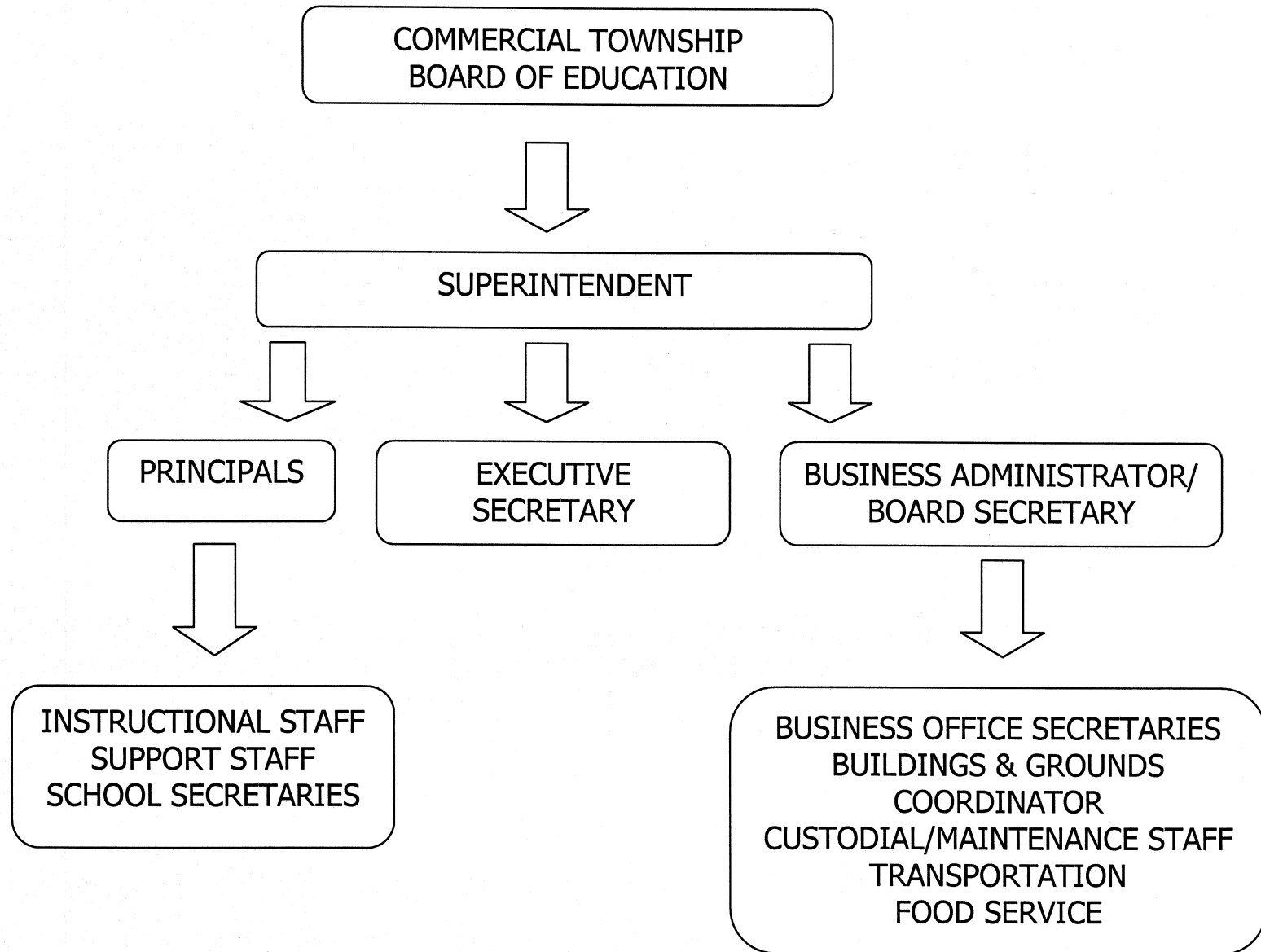
A handwritten signature in dark ink, appearing to read "Shelly Schneider", with a stylized, flowing script.

Dr. Shelly Schneider, Superintendent

A handwritten signature in dark ink, appearing to read "Pamela Zook", with a clear, slightly cursive script.

Pamela Zook, School Business Administrator/Board Secretary

COMMERCIAL TOWNSHIP PUBLIC SCHOOLS ORGANIZATION CHART



COMMERCIAL TOWNSHIP BOARD OF EDUCATION
PORT NORRIS, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2014

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Carol Perrelli, President	2015
Melissa Chamberlain, Vice President	2016
Julie Baum-Abbott	2016
Guy DeFabrites	2016
Anna DeFabrites	2015
Rita Pettit	2016
Jay Sutton	2016
Ronald Sutton	2015
Stacy Wilson-Smith	2014
<u>OTHER OFFICIALS</u>	<u>Bond Amount</u>
Shelly Schneider, Superintendent	
Pam Zook, Board Secretary	100,000
Frank DiDomenico, Solicitor	

TOWNSHIP OF COMMERCIAL BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

ARCHITECT

Manders & Merighi Associates
1138 East Chestnut Avenue
Vineland, New Jersey 08360

AUDIT FIRM

Raymond Colavita, CPA, RMA, PSA
Nightlinger, Colavita and Volpa, PA
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

Frank DiDomenico
8 Lasalle Drive, PO Box 1356
Vineland, NJ 08362

OFFICIAL DEPOSITORY

Susquehanna Bank
114 N. Main Street
Mullica Hill, NJ 08062

INSURANCE AGENCY

The Hardenbergh Insurance Agency, Inc.
1000 Plaza at Main Street
Voorhees, NJ 08043

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

October 16, 2014

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Commercial Township School District
County of Cumberland, New Jersey 08349

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of Commercial School District in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2014, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Commercial Board of Education in the County of Cumberland, State of New Jersey, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Management Discussion and Analysis and Budgetary Comparison Information on pages 12 through 20 and 58 through 64 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Commercial Board of Education's, financial statements as a whole. The introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, ***Audits of States, Local Governments, and Non-Profit organizations***; and New Jersey OMB's Circular 04-04, ***Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid***, and are not a required part of the financial statements.

The schedule of expenditures of federal and state awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued a report dated October 16, 2014 on our consideration of the Township of Commercial Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Governments Auditing Standards** and should be considered in assessing the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in dark ink, appearing to read "Raymond Colavita", written in a cursive style.

Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
COMMERCIAL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

UNAUDITED

The discussion and analysis of Commercial Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- ❖ General revenues accounted for \$12,440,985 in revenue or 83.5% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,125,436 or 16.5% of total revenues of \$14,566,421.
- ❖ Total Net Position of governmental activities totaled \$2,551,996.
- ❖ Net Capital Assets of governmental activities comprised \$3,179,843.
- ❖ The School District had \$14,548,748 in program expenses. These expenses were offset by program specific charges for services, grants or contributions of \$2,125,436 mentioned above in arriving at the net governmental activity expenses of the district. General revenues comprising federal and state aid of \$10,481,926, property taxes of \$1,838,565 and other miscellaneous revenues and adjustments of \$120,464 were adequate to provide for the programs maintained by the school.
- ❖ The General Fund had \$12,796,789 in revenues, \$12,952,156 in expenditures and other financing use reductions of \$35,691. The General Fund's balance decreased \$119,676 over 2013. This decrease was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Commercial Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Commercial Township School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, “How did we do financially during 2014?” The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s Net Position and how they have changed. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ❖ **Governmental Activities** – All of the School District’s programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. There are two school buildings maintained by the District, which are the Port Norris Middle School and the Haleyville Elementary School.
- ❖ **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major (all) funds begins on page 23. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Governmental Funds (Continued)

The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same. The Food Service fund is the only enterprise fund maintained by the district.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole, which includes the Business-type Activities.

Table 1 provides a comparative summary of the School District's Net Position for the years ended in 2013 and 2014.

Table 1
Net Position

	2014	2013
Assets		
Current and Other Assets	\$ 1,088,655	\$ 1,761,093
Capital Assets, Net	4,942,728	7,306,013
Total Assets	6,031,383	9,067,106
Liabilities		
Long-term Liabilities	3,230,055	3,764,992
Other Liabilities	210,796	218,784
Total Liabilities	3,440,851	3,983,776
Net Position		
Invested in Capital Assets, Net of Debt	3,182,983	4,982,960
Restricted	823,240	1,021,338
Unrestricted	(1,415,691)	(920,968)
Total Net Position	\$ 2,590,532	\$ 5,083,330

Table 2 shows the changes in Net Position from fiscal year's 2014 and 2013.

Table 2
Changes in Net Position

	2014	2013
Revenues		
Programs Revenues		
Charges for Services	\$ 53,324	\$ 87,574
Operating Grants and Contributions	2,072,112	2,359,075
General Revenues		
Property Taxes	1,838,565	1,845,719
Grants and Entitlements	10,481,926	10,440,131
Other	120,494	135,607
Total Revenues	14,566,421	14,868,106
Program Expenses		
Instruction	3,591,911	3,929,689
Support Services		
Tuition	4,679,584	4,895,951
Pupils and Instructional Staff	975,156	860,192
General Administration, School		
Administration, Business	783,592	771,560
Operations and Maintenance of Facilities	738,506	769,215
Pupil Transportation	671,346	851,737
Employee Benefits	2,273,253	2,613,197
Interest on Debt	63,895	76,918
Enterprise Funds	441,252	452,630
Other	330,253	538,750
Total Expenses	14,548,748	15,759,839
Fixed Asset Adjustment	(1,534,731)	
Decrease in Net Position	\$ (1,517,058)	\$ (891,733)

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Of the District's \$14,566,421 in total revenues for the fiscal year ended June 30, 2014, property taxes made up 12.6% of the revenues raised for governmental activities. Federal, state and local grants accounted for another 86.2% and other revenues, net of adjustments made up 1.2%. The total cost of all program and services was \$14,548,748, of which the net amount spent on governmental activities was \$12,398,547. Of this amount, Instruction comprised 24.7%.

Business-Type Activities

Revenues for the District's business-type activities (food service program and extended day program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenues by \$2,350 and Extended Day revenues exceeded expenses by \$22,415.
- ❖ To offset the food services deficit, the General Fund subsidized the food service operation by \$1,310 and the fund ended the year with a net negative change of \$14,552, which included a fixed asset adjustment of \$13,512. The District will continue to identify a means to bring the food service cost to the district under control.
- ❖ Charges for services in the food service fund were \$43,603 of revenue. This represents amount paid by patrons for daily food services or 11% of the revenue in the food service fund. Service charges for the Extended Day program were \$9,721, which was \$26,606 less than in the prior year.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$363,163, which represents 89% of the revenue.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Instruction	\$ 3,591,911	\$ 2,985,374	\$ 3,929,689	\$ 3,108,211
Support Services				
Tuition	4,679,584	4,679,584	4,895,951	4,895,951
Pupils and Instructional Staff	975,156	671,520	860,192	608,175
General Administration, School				
Administration, Business	783,592	783,592	771,560	771,560
Operation and Maintenance of Facilities	738,506	738,506	769,215	769,215
Pupil Transportation	671,346	671,346	851,737	851,737
Employee Benefits	2,273,253	1,474,477	2,613,197	1,670,233
Interest and Fiscal Charges	63,895	63,895	76,918	76,918
Other	330,253	330,253	538,750	538,750
Total Expenses	\$ 14,107,496	\$ 12,398,547	\$ 15,307,209	\$ 13,290,750

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School district which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

The School District's Funds

Information about the School District's major funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$14,128,137 and expenditures of \$14,318,344. The net negative change in fund balance for the year was \$169,750, which included the transfer to the food service fund of \$1,310 and a prior year order adjustment of \$21,767. The School District was not able to meet current operating costs during the current fiscal year.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (including capital projects fund expenditures) for the fiscal year ended June 30, 2014, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase/ (Decrease) from 2013	Percent Increase (Decrease)
Local Sources	\$ 1,937,262	13.7%	\$ (43,925)	-2.2%
State Sources	11,420,492	80.8%	(147,113)	-1.3%
Federal Sources	770,383	5.5%	(118,602)	-13.3%
Total	\$ 14,128,137	100.0%	\$ (303,804)	-2.1%

The decrease in Local Sources is attributed to decreases in the local tax levy of \$7,154, tuition of \$5,747, a decrease in interest earnings of \$2,753 and miscellaneous revenue of \$28,271.

The decrease in State Sources is attributed to higher general fund state aid of \$104,339, offset by reduced state grants for special projects of \$39,887 and debt service aid of \$2,887.

The decrease in Federal Sources is attributed to decreases in various grant awards totaling \$118,602.

The following schedule presents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2014.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) from 2013	Percent Increase (Decrease)
Current:				
Instruction	\$ 3,591,911	25.1 %	\$ (337,778)	-8.6%
Undistributed Expenditures	10,332,991	72.1 %	(380,066)	-3.5%
Capital Outlay	43,680	0.3 %	28,660	259.9%
Debt Service:				
Principal	282,748	2.0 %	2,188	0.8%
Interest	67,014	0.5 %	(7,099)	-9.6%
Total	<u>\$ 14,318,344</u>	<u>100.0 %</u>	<u>\$ (694,095)</u>	<u>-4.6%</u>

The decrease in Current – Instruction is attributed to decreases in regular instruction of \$368,822 and other instruction of \$3,719, offset by increases in special education instruction of \$33,444 and other special instruction of \$1,319.

The decrease in Current – Undistributed Expenditures is attributed to decreases in District Tuition of \$216,367, Plant Operations, Maintenance of \$30,709 and Employee Benefits of \$300,419, offset by reductions in Student and Instruction Related Services of \$114,964, School Administrative Services of \$12,032 and Pupil Transportation of \$40,433.

The increase in capital outlay is attributed to increases in construction service costs of \$25,934 and a debt service assessment fee of \$3,399, offset by a decrease in equipment purchases of \$673.

The decrease in debt service is attributed to decreased outstanding debt obligations of \$4,911.

General Fund Budgeting Highlights

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

General Fund Budgeting Highlights (Continued)

During the course of the fiscal year 2014, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

Some of the normal budgetary situations requiring attention during the year are:

- ❖ Staffing changes based on student needs.
- ❖ Additional costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show an actual decrease in fund balance of \$128,977.

- ❖ Actual revenues were \$89,183 more than expected (excluding On-Behalf pension and social security state aid of \$697,008), due primarily to interest and miscellaneous revenue.
- ❖ The actual expenditures were \$159,104 less than expected, which excluded the effects of state On-Behalf pension and social security aid of \$697,008, partially offset by favorable variances in various budget appropriations.

Capital Assets

At the end of the fiscal year 2014, the School District had \$4,942,728 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2013 balances compared to 2014.

Table 4
Capital Assets (Net of Depreciation) at June 30

	<u>2014</u>	<u>2013</u>
Land	\$ 14,877	\$ 14,877
Land Improvements	597,114	523,056
Building and Improvements	4,058,880	5,838,881
Equipment	271,857	397,528
	<u> </u>	<u> </u>
Totals	<u>\$ 4,942,728</u>	<u>\$ 6,774,342</u>

Overall capital assets decreased \$1,831,614 from fiscal year 2013 to fiscal year 2014. Increases in capital assets of \$34,410 were offset by depreciation expense of \$331,293 and a \$1,534,731 write down, as the result of an updated inventory of assets.

Debt Administration

At June 30, 2014, the School District had \$3,210,078 as outstanding debt. Of this amount, \$755,078 is for compensated absences, \$695,000 was for short-term working capital and the balance of \$1,760,000 is for refunding bonds dated 11/17/09.

At June 30, 2014, the School District's overall legal debt margin was \$7,558,298 and the unvoted debt margin was \$5,515,550, or 73% of the total amount permitted by statute. The detail of the open debt issues is as follows:

For the Future

The financial outlook for the district is fair. A major concern is the continued increases in mandated expenditures, the reduction in federal aid and the level of surplus needed to fund the budget, putting increased reliance on local property taxes or other aid. Future finances are not without challenges as expenditures continue to grow and state funding is not keeping pace or decreasing.

The Commercial Township School District has experienced difficulty in getting the school budget passed by the voters in recent years. The contributing factors are continued flat funding from the state with continued rising costs to run our schools. The election has been moved to November.

Commercial Township is primarily a residential community, with very few ratables and the burden is, therefore, focused on homeowners to absorb the cost through higher taxes.

During the budget process, it was a concern to the Administration and Board of Education how future budgets would be financed. Therefore, the Board of Education and Administration are constantly looking at ways to decrease the spending while continuing to provide the best possible education for our students. With a free and reduced population of 82%, our students need to be afforded the same opportunities as their peers throughout the state.

In conclusion, the Commercial Township School District has committed itself to responsible fiscal management and plans to continue to meet the challenges of the future. In addition, the School District's system for financial planning, budgeting, and internal financial controls are maintained in accordance with state statutes.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Pamela Zook School Business Administrator/Board Secretary at Commercial Township Board of Education, Port Norris, N.J. or email at zookp@commercial.k12.nj.us

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 800,143	\$ 12,874	\$ 813,017
Receivables, Net	215,132	34,130	249,262
Interfund Receivable	12,281		12,281
Inventory		13,153	13,153
Restricted Assets:			
Cash and Cash Equivalents	687		687
Capital Reserve Account - Cash	255		255
Capital Assets, Net (Note 5):	4,939,588	3,140	4,942,728
Total Assets	<u>5,968,086</u>	<u>63,297</u>	<u>6,031,383</u>
LIABILITIES			
Accounts Payable	160,553	1,112	161,665
Accrued Interest	26,430		26,430
Unearned Revenue	19,029	3,672	22,701
Non-current Liabilities (Note 6):			
Due Within One Year	921,665		921,665
Due Beyond One Year	2,288,413	19,977	2,308,390
Total Liabilities	<u>3,416,090</u>	<u>24,761</u>	<u>3,440,851</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	3,179,843	3,140	3,182,983
Restricted for:			
Debt Service	687		687
Capital Projects	59,392		59,392
Other Purposes	763,161		763,161
Unrestricted	(1,451,087)	35,396	(1,415,691)
Total Net Position	<u>\$ 2,551,996</u>	<u>\$ 38,536</u>	<u>\$ 2,590,532</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 2,792,967	\$ -	\$ 606,537	\$ (2,186,430)	\$ -	\$ (2,186,430)
Special Education	729,384			(729,384)		(729,384)
Other Special Instruction	63,849			(63,849)		(63,849)
Other Instruction	5,711			(5,711)		(5,711)
Support Services:						
Tuition	4,679,584			(4,679,584)		(4,679,584)
Student & Instruction Related Services	975,156		303,636	(671,520)		(671,520)
General and Business Administrative Service	280,692			(280,692)		(280,692)
School Administrative Services	305,762			(305,762)		(305,762)
Central Services	130,654			(130,654)		(130,654)
Admin Info Tech	66,484			(66,484)		(66,484)
Plant Operations and Maintenance	738,506			(738,506)		(738,506)
Pupil Transportation	671,346			(671,346)		(671,346)
Employee Benefits	2,273,253		798,776	(1,474,477)		(1,474,477)
Interest on Long-term Debt	63,895			(63,895)		(63,895)
Unallocated Depreciation	330,253			(330,253)		(330,253)
Total Governmental Activities	14,107,496		1,708,949	(12,398,547)		(12,398,547)
Business-type Activities:						
Food Service	409,116	43,603	363,163		(2,350)	(2,350)
Extended Day	32,136	9,721			(22,415)	(22,415)
Total Business-type Activities	441,252	53,324	363,163		(24,765)	(24,765)
Total Primary Government	\$14,548,748	\$ 53,324	\$ 2,072,112	\$ (12,398,547)	\$ (24,765)	\$ (12,423,312)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 1,732,787	\$ -	\$ 1,732,787
Taxes Levied for Debt Service				105,778		105,778
Federal, State and Local Aid not Restricted				10,481,926		10,481,926
Investment Earnings				1,195	30	1,225
Miscellaneous Income				119,269		119,269
Transfers - Food Service				(1,310)	1,310	
Fixed Asset Adjustment				(1,521,219)	(13,512)	(1,534,731)
Total General Revenues, Special Items, Extraordinary Items and Transfers				10,918,426	(12,172)	10,906,254
Change in Net Position				(1,480,121)	(36,937)	(1,517,058)
Net Position—Beginning (Restated)				4,032,117	75,473	4,107,590
Net Position—Ending				\$ 2,551,996	\$ 38,536	\$ 2,590,532

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

COMMERCIAL TOWNSHIP BOARD OF EDUCATION

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 647,655	\$ 71,255	\$ 59,392	\$ 687	\$ 778,989
Capital and Maintenance Reserve Account	255				255
Due from Other Funds	221,322				221,322
State Aid Receivable	36,366				36,366
Federal Aid Receivable		171,855			171,855
Other Accounts Receivable	1,696	5,215			6,911
Total Assets	\$ 907,294	\$ 248,325	\$ 59,392	\$ 687	\$ 1,215,698
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 91,448	\$ 64,230			\$ 155,678
Loan Payable	695,000				695,000
Due to Grantor		4,875			4,875
Due to Other Funds		187,200			187,200
Unearned Revenue		19,029			19,029
Total Liabilities	786,448	275,334			1,061,782
Fund Balances:					
Restricted For:					
Excess Surplus	14,587				14,587
Designated for Subsequent Year's Expenditures:					
Excess surplus	584,774				584,774
Capital Reserve	255				255
Maintenance Reserve	122,500				122,500
Emergency Reserve	41,300				41,300
Assigned:					
Designated for Subsequent Year's Expenditures					
Unassigned, Reported in:					
General Fund	(642,570)				(642,570)
Special Revenue Fund		(27,009)			(27,009)
Capital Projects Fund			59,392		59,392
Debt Service Fund				687	687
Total Fund Balances	120,846	(27,009)	59,392	687	153,916
Total Liabilities and Fund Balances	\$ 907,294	\$ 248,325	\$ 59,392	\$ 687	

Amounts reported for *governmental activities* in the Statement of

Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$10,764,657 and the accumulated depreciation is \$5,825,069 (See Note 5)	4,939,588
Long-term liabilities, representing accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(26,430)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).	(2,515,078)

Net Position of Governmental Activities

\$ 2,551,996

The accompanying Notes to Financial Statements are an integral part of this statement.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Local Tax Levy	\$ 1,732,787	\$ -	\$ -	\$ 105,778	\$ 1,838,565
Tuition - Other LEAs	9,471				9,471
Interest Earned on Investments	1,183		12		1,195
Miscellaneous	83,251	4,780			88,031
Total - Local Sources	1,826,692	4,780	12	105,778	1,937,262
State Sources	10,950,387	264,542		205,563	11,420,492
Federal Sources	19,710	750,673			770,383
Total Revenues	12,796,789	1,019,995	12	311,341	14,128,137
EXPENDITURES					
Current:					
Regular Instruction	2,186,430	606,537			2,792,967
Special Education Instruction	729,384				729,384
Other Special Instruction	63,849				63,849
Other Instruction	5,711				5,711
Support Services:					
Tuition	4,679,584				4,679,584
Student & Instruction Related Services	671,520	303,636			975,156
General Administrative Services	280,692				280,692
School Administrative Services	305,762				305,762
Central Services	130,654				130,654
Admin Info Tech	66,484				66,484
Plant Operations and Maintenance	738,506				738,506
Pupil Transportation	892,170				892,170
Employee Benefits	2,162,215	101,768			2,263,983
Debt Service:					
Interest and Other Charges				67,014	67,014
Principal				282,748	282,748
Capital Outlay	39,195	4,485			43,680
Total Expenditures	12,952,156	1,016,426		349,762	14,318,344
Excess (Deficiency) of Revenues over Expenditures	(155,367)	3,569	12	(38,421)	(190,207)
OTHER FINANCING SOURCES (USES)					
Transfers Out - Food Service	(1,310)				(1,310)
Transfer from Capital Projects Fund	36,989		(36,989)		
Prior Year Order Adjustment			21,767		21,767
Transfers of Capital Project Interest	12		(12)		
Total Other Financing Sources and Uses	35,691		(15,234)		20,457
Net Change in Fund Balances	(119,676)	3,569	(15,222)	(38,421)	(169,750)
Fund Balance—July 1	240,522	(30,578)	74,614	39,108	323,666
Fund Balance—June 30	\$ 120,846	\$ (27,009)	\$ 59,392	\$ 687	\$ 153,916

The accompanying Notes to Financial Statements are an integral part of this statement.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Total Net Change in Fund Balances - Governmental Funds (from B-2) **\$ (169,750)**

Amounts reported for governmental activities in the statement
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$ (330,253)	
Fixed Asset Adjustment	(1,521,219)	
Capital outlays	34,410	
		(1,817,062)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		195,000
---	--	---------

Reduction in NJEDA Loans Payable		87,748
----------------------------------	--	--------

In the statement of activities, interest on long-term debt is accrued regardless of when it is due.		
In the governmental funds, interest is reported when due.		3,119

In the statement of activities, certain operating expenses, e.g. compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).		220,824

Change in Net Position of Governmental Activities (A-2)		\$ (1,480,121)

The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-type Activities - Enterprise Funds		
	Food Service	Extended Day	Totals
ASSETS			
Current Assets:			
Cash	\$	\$ 34,715	\$ 34,715
Accounts Receivable	32,337	1,793	34,130
Inventories	13,153		13,153
Total Current Assets	45,490	36,508	81,998
Fixed Assets:			
Equipment	150,518		150,518
Accumulated Depreciation	(147,378)		(147,378)
Total Fixed Assets	3,140		3,140
Total Assets	48,630	36,508	85,138
LIABILITIES:			
Current Liabilities:			
Accounts Payable		1,112	1,112
Due to General Fund	21,841		21,841
Unearned Revenue	3,672		3,672
Compensated Absences	19,977		19,977
Total Current Liabilities	45,490	1,112	46,602
NET POSITION			
Invested in Capital Assets Net of Related Debt	3,140		3,140
Unrestricted		35,396	35,396
Total Net Position	\$ 3,140	\$ 35,396	\$ 38,536

The accompanying Notes to Financial Statements are an integral part of this statement.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities - Enterprise Fund		
	Food Service	Extended Day	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 26,597	\$	\$ 26,597
Daily Sales - Non-reimbursable Programs	17,006	9,721	26,727
Total Operating Revenue:	43,603	9,721	53,324
Operating Expenses:			
Salaries	154,274	31,944	186,218
Employee Benefits	35,190		35,190
Supplies and Materials	25,838	192	26,030
Depreciation	1,040		1,040
Cost of Sales	165,408		165,408
Management Fee	16,992		16,992
Repairs and Other Expenses	10,374		10,374
Total Operating Expenses	409,116	32,136	441,252
Operating Income (Loss)	(365,513)	(22,415)	(387,928)
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program	4,536		4,536
Federal Sources:			
National School Breakfast Program	80,884		80,884
National School Lunch Program	217,914		217,914
National Snack Program	11,448		11,448
Food Distribution Program	27,538		27,538
Fruit and Vegetable Grant	20,843		20,843
Fixed Asset Adjustment	(13,512)		(13,512)
Interest		30	30
Total Non-operating Revenues (Expenses)	349,651	30	349,681
Income (Loss) before Contributions & Transfers	(15,862)	(22,385)	(38,247)
Transfers in (out)	1,310		1,310
Change in Net Position	(14,552)	(22,385)	(36,937)
Total Net Position—Beginning	17,692	57,781	75,473
Total Net Position—Ending	\$ 3,140	\$ 35,396	\$ 38,536

The accompanying Notes to Financial Statements are an integral part of this statement.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities Enterprise Funds		
	Food Service	Extended Day	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 43,603	\$ 9,721	\$ 53,324
Payments to Employees	(154,274)	(31,944)	(186,218)
Payments for Employee Benefits	(35,190)		(35,190)
Payments to Suppliers	(218,612)	2,291	(216,321)
Net Cash Provided by (used for) Operating Activities	(364,473)	(19,932)	(384,405)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	4,536		4,536
Federal Sources	358,627		358,627
Operating Subsidies and Transfers to Other Funds	1,310		1,310
Net Cash Provided by (used for) Non-capital Financing Activities	364,473		364,473
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets			
Net Cash Provided by (used for) Capital and Related Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends		30	30
Net Cash Provided by (used for) Investing Activities		30	30
Net Increase (Decrease) in Cash and Cash Equivalents		(19,902)	(19,902)
Balances—Beginning of Year		54,617	54,617
Balances—End of Year	\$ -	\$ 34,715	\$ 34,715
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Operating Income (Loss)	\$ (365,513)	\$ (22,415)	\$ (387,928)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities			
Depreciation and Net Amortization	1,040		1,040
(Increase) Decrease in Accounts Receivable, Net	(9,138)	1,749	(7,389)
(Increase) Decrease in Inventories	1,945		1,945
Increase (Decrease) in Accounts Payable		734	734
Increase (Decrease) in Due to General Fund	12,434		12,434
Increase (Decrease) in Unearned Revenue	857		857
Increase (Decrease) in Compensated Absences	(6,098)		(6,098)
Total Adjustments	1,040	2,483	3,523
Net Cash Provided by (used for) Operating Activities	\$ (364,473)	\$ (19,932)	\$ (384,405)

Noncash Noncapital Financing Activities:

During the year, the District received \$24,070 of food commodities from the U. S. Department of Agriculture

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 161,587	\$ 1,915	\$ 252,068
Certificates of Deposit		32,500	
Due from Payroll Agency Account	3,563		
Total Assets	<u>165,150</u>	<u>34,415</u>	<u>252,068</u>
LIABILITIES			
Interfunds Payable			12,281
Summer Reserve			212,597
Accounts Payable	2,087		
Payable to Student Groups			10,910
Due to Unemployment Trust Account			3,563
Payroll Deductions and Withholdings			12,717
Total Liabilities	<u>2,087</u>	<u>\$</u>	<u>252,068</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 163,063</u>		
Reserved for Scholarships		<u>\$ 34,415</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 17,513	\$
Contributions	2,782	
Other	159	90
	<hr/>	<hr/>
Total Additions	20,454	90
	<hr/>	<hr/>
DEDUCTIONS		
Scholarships Awarded		1,000
Unemployment Claims		
	<hr/>	<hr/>
Total Deductions		1,000
	<hr/>	<hr/>
Change in Net Position	20,454	(910)
Net Position—Beginning of the Year	142,609	35,325
	<hr/>	<hr/>
Net Position—End of the Year	\$ 163,063	\$ 34,415
	<hr/> <hr/>	<hr/> <hr/>

The accompanying Notes to Financial Statements are an integral part of this statement.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Commercial Township School District (District) is organized under the Constitution of the State of New Jersey. The District operates under a locally elected Board form of government consisting of nine members elected to three-year terms, which are staggered. The District provides educational services as authorized by state and federal guidelines.

The District serves an area of thirty-four square miles. It is located in Cumberland County and provides education for all of Commercial Township's grades K through 8. The District currently operates two instructional buildings and an administrative building. The Commercial Township School District had an approximate enrollment at June 30, 2014 of 579 students.

A. Reporting Entity:

The Commercial Township School District is a Type II district as provided by statute of the State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

B. New Accounting Standards:

During fiscal year 2013, the District adopted the following GASB statements:

- GASB 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to provide additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This Statement is effective for periods beginning after June 15, 2012. The School District elected to early implement GASBS 61 effective for fiscal year 2013. The adoption of GASBS 61, however, does not have an impact on the School District's financial statements.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (CONT'D)

B. New Accounting Standards (Cont'd):

- GASB 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect in a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 66, *Technical Corrections-2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No.50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (CONT'D)

B. New Accounting Standards (Cont'd):

- GASB 68, *Accounting and Financial reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other state entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pension Disclosures, and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Commercial Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments).

In addition, the School District has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

A. Basis of Presentation:

The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

District-wide Statements: The statement of net position and the statement of activities display information about the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses-expenses of the District related to the administration and support of the District's programs, such as personnel and accounting-are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among District financial reporting. The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available.

B. Fund Accounting:

The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

GOVERNMENTAL FUND TYPE

The focus of governmental fund measurement is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUND TYPE

The focus of Proprietary Fund measurement is on determination of net income, financial position and cash flows. The applicable generally accepted accounting principles are similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

PROPRIETARY FUND TYPE (CONT'D)

Enterprise (Food Service) Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Funds are comprised of the Food Service Fund and Extended Day Fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund Equipment

7 – 20 Years

Internal Service Fund - The Commercial Township School District does not maintain an Internal Service Fund whereby services would be provided on a cost-reimbursement basis.

FIDUCIARY FUND TYPE

Fiduciary Funds include Expendable Trust, Nonexpendable Trust and Agency Funds. The measurement focus of the Expendable Trust Funds is the same as for governmental funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following is a description of the Fiduciary Funds of the School District:

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting (Cont'd):

FIDUCIARY FUND TYPE (CONT'D)

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include Unemployment Compensation Insurance and a scholarship fund.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a Nonexpendable Trust Fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

C. Basis of Accounting and Measurement Focus:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual, as under the New Jersey State Statute a municipality is required to remit to its School District the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District

is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting and Measurement Focus (Cont'd):

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2 (f) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

A reconciliation of the special revenue funds from the budgetary basis of accounting (as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds) to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types is shown on Exhibit C-2.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable:

Tuition charges for the fiscal years 2013-14, 2012-13 and 2011-12 were based on rates established by the receiving District. These rates are subject to change when the actual costs have been determined.

H. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

On District-wide financial statements and in the Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

I. Short -Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Lease Acquisition Costs:

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2014.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

K. Assets, Liabilities and Equity:

Transactions

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Inventories

On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. This includes \$1,999 in federal commodities on hand at June 30, 2014. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

Inventory in the Food Service Fund at June 30, 2014 consisted of the following:

Food	\$ 11,426
Supplies	1,727
	<hr/>
	\$ 13,153
	<hr/>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Capital Assets – The District is establishing a formal system of accounting for its capital assets. Capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. Capital assets acquired or constructed prior to June 30, 2003 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Capital assets are reflected as expenditures in the applicable governmental funds. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated in the District-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	40-50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

L. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the General Long-Term Debt.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

M. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned.

N. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

O. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

P. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Q. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

R. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

S. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

T. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

U. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

V. Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

W. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value. New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey School District's.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires the disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments.

Deposits:

New Jersey statutes require that School Districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes (N.J.S.A.18A:20-37) permits the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the School District.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

As of June 30, 2014, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<u>Cash and Cash</u>
	<u>Equivalents</u>
Checking accounts	\$ 1,264,536
Certificates of Deposit	<u>32,500</u>
Total	\$ <u>1,297,036</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Custodial Credit Risk - Custodial Credit Risk is the risk that, in the event of a bank failure, the School Districts deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, as described in Note 1: N.J.S.A. 17:9-41 et. Seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act. As of June 30, 2014, the School Districts bank balance of \$1,611,727 was insured or collateralized as follows:

Insured	\$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	<u>1,361,727</u>
	\$ <u>1,611,727</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to losses in fair value arising in interest rate fluctuations.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

Concentration of Credit Risk - The District does not place a limit on the amount that may be invested in any one issuer. At June 30, 2014, investments are limited to Certificates of Deposit as follows:

<u>Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Certificate of Deposit	\$ <u>32,500</u>	\$ <u>32,500</u>

The investments recorded in the basic financial statements have been recorded at the carrying amount of which the difference between the carrying amount and market value is not material.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2014, the District had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Commercial Township Board of Education by inclusion of \$21,520 in the original 1998-99 annual capital outlay budget, which was certified for taxes, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity in the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning Balance, July 1, 2013	\$255
Interest Earnings	
Deposits	
Withdrawals	—
Ending Balance, June 30, 2014	<u>\$255</u>

Of this amount, \$0 has been appropriated as revenue to fund the 2014-15 operating budget.

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2014 is \$477,528. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 14,877	\$ -	\$ -	\$ 14,877
Total capital assets not being depreciated	14,877			14,877
Land Improvements	844,882		29,232	874,114
Building and building improvements	11,742,001	29,925	(3,206,484)	8,565,442
Machinery and equipment	1,344,169	4,485	(38,430)	1,310,224
Totals at historical cost	13,931,052	34,410	(3,215,682)	10,749,780
Less accumulated depreciation for :				
Land Improvements	(321,826)	(40,918)	85,744	(277,000)
Building and improvements	(5,903,120)	(223,489)	1,620,047	(4,506,562)
Equipment	(964,333)	(65,846)	(11,328)	(1,041,507)
Total accumulated depreciation	(7,189,279)	(330,253)	1,694,463	(5,825,069)
Total capital assets being depreciated, net of accumulated depreciation	6,741,773	(295,843)	(1,521,219)	4,924,711
Government activities capital assets, net	\$ 6,756,650	\$ (295,843)	\$ (1,521,219)	\$ 4,939,588
				To A-1
Business-type activities - Equipment	\$ 167,407	\$ -	\$ (16,889)	\$ 150,518
Less accumulated depreciation	(149,715)	(1,040)	3,377	(147,378)
Business-type activities capital assets, net	\$ 17,692	\$ (1,040)	\$ (13,512)	\$ 3,140
Depreciation expense was charged to governmental functions as follows:				
	Unallocated			\$ 330,253

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2014 the following changes occurred in long-term obligations:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Bonds payable:						
General obligation debt	\$ 1,955,000	\$ -	\$ 195,000	\$ 1,760,000	\$ 195,000	\$ 1,565,000
NJEDA loans	87,748		87,748	-		-
Total bonds payable	2,042,748		282,748	1,760,000	195,000	1,565,000
Other Liabilities:						
Compensated absences payable	975,902		220,824	755,078	31,665	723,413
Total other liabilities	\$ 3,018,650	\$ -	\$ 503,572	\$ 2,515,078	\$ 226,665	\$ 2,288,413
To A-1						
Business-Type Activities:						
Compensated absences payable	\$ 26,075	\$ -	\$ 6,098	\$ 19,977	\$ -	\$ 19,977

There is also a Short-term Loan in the amount of \$950,000, as of June 30, 2014.

A. Bonds Payable - Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Principal and interest due on bonds outstanding at June 30, 2014 are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 195,000	\$ 61,238	\$ 256,238
2016	200,000	55,044	255,044
2017	210,000	47,894	257,894
2018	225,000	40,244	265,244
2019	235,000	32,072	267,072
2020	230,000	24,662	254,662
2021	235,000	15,638	250,638
2022	230,000	5,175	235,175
	<u>\$ 1,760,000</u>	<u>\$ 281,967</u>	<u>\$ 2,041,967</u>

B. Bonds Authorized But Not Issued - As of June 30, 2014 None.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6. GENERAL LONG-TERM DEBT (CONT'D)

C. Capital Leases

The District had no capital leases as of June 30, 2014.

NOTE 7. OPERATING LEASES

The District has commitments to lease copiers under operating leases that expire in 2017. Future minimum lease payments are as follows:

	<u>Amount</u>
Year ending June 30,	
2015	\$ 29,862
2016	29,862
2017	<u>24,885</u>
Total future minimum lease payments	\$ <u>84,609</u>

NOTE 8. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at:
http://www.state.nj.us/treasury/pensions/annrpts_archive.htm

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 58A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8. PENSION PLANS (CONT'D)

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Public Employees Retirement System</u>					
<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Non Contrib Ins</u>	<u>Paid by District</u>
2014	\$ 30,121	\$ 72,501	\$ 102,622	\$ 6,148	\$ 108,770
2013	31,070	74,289	105,359	6,271	111,630
2012	37,693	75,387	113,080	7,205	120,285

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service, or under the disability provisions of the System. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8. PENSION PLANS (CONT'D)

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for a 12 month period ending with each August 31 immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits (COLA) after 24 months of retirement.

Significant Legislation - P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8. PENSION PLANS (CONT'D)

Three-Year Trend Information for PERS

<u>Year Funding</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>			<u>Net Pension Obligation</u>
6/30/14	\$	102,622	100	%	\$	102,622
6/30/13		111,630	100			111,630
6/30/12		120,285	100			120,285

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year Funding</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>			<u>Net Pension Obligation</u>
6/30/14	\$	434,923	100	%	\$	0
6/30/13		572,203	100			0
6/30/12		422,043	100			0

During the fiscal year ended June 30, 2014, the State of New Jersey contributed \$164,767 to the TPAF for pension contributions and \$270,156 for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$262,085 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 9. POST- RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10. COMPENSATED ABSENCES

The School District accounts for compensated absences as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

In the District-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2014, a liability existed for compensated absences in the governmental activities in the amount of \$775,078.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Travelers	Aflac	Lincoln Investment Planning, Inc.
Franklin	Midland National	American Express Financial

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has chosen to purchase insurance to transfer risk to outside parties.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 12. RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's trust fund for the current and prior two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013-2014	\$ 2,941	\$ 17,513	\$	\$ 163,063
2012-2013	150,000	4,991	107,685	142,609
2011-2012	781	37,313	3,943	95,303

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

<u>Fiscal Year</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 221,322	\$
Special Revenue fund		187,200
Food Service Fund		21,841
Trust and Agency Fund		12,281
Total	\$ 221,322	\$ 221,322

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the \$120,846 General Fund balance at June 30, 2014 \$255 has been restricted in the Capital Reserve Account, of which \$0 has been withdrawn and appropriated and included as anticipated revenue for the year ended June 30, 2014; \$122,500 has been restricted in a Maintenance Account, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2015; \$41,300 has been restricted in an Emergency Reserve; \$599,361 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$584,774 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2015); \$0 in Assigned Fund Balance has been appropriated and also included as anticipated revenue for the year ending June 30, 2015; and there is a deficit in unassigned fund balance of (\$642,570).

Debt Service Fund -The fund balance in the Debt Service Fund at June 30, 2014 is \$687, of which \$0 has been appropriated and also included as anticipated revenue for the year ending June 30, 2014 and \$687 is undesignated.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey School Districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is \$599,361 of which \$584,774 must be budgeted in the 2014-15 budget and \$14,587 must be budgeted in 2015-16.

NOTE 16. LITIGATION

During the 2012-13 School Year, the District was involved with one claim, regarding a former student that the Board intends to defend in Court. However, the Board does not feel its loss exposure from this claim is material. There was also one threatened claim, involving this same matter that the District's Insurance Carrier would defend.

NOTE 17. MAINTENANCE RESERVE

The District also has a maintenance reserve in the amount of \$122,500 at June 30, 2014, of which none was anticipated as revenue in the 2014-15 budget.

NOTE 18. EMERGENCY RESERVE

The District also has an emergency reserve in the amount of \$41,300 at June 30, 2014, of which none was anticipated as revenue in the 2014-15 budget.

NOTE 19. CAPITAL PROJECT

On June 5, 2001, the voters of the School District approved by referendum acquisitions, improvements and additions in the amount of \$4,450,000 of which \$3,395,000 represents bonds issued on August 1, 2001, \$5,000 was realized in bond premium, \$1,000,742 was funded by the Early Childhood Program Capital Reserve Fund in fiscal year 2000-2001 and the remaining \$49,258 was funded in the 2001-2002 budget out of Fund Balance. The future interest and principal payments on this bond issue have been included in Note 5 to the financial statements (Long-Term Debt) contained herein. On July 9, 2002, the Commissioner of the New Jersey State Department of Education approved a transfer out in the amount of \$405,000 from Unrestricted General Fund Surplus to the Capital Projects Fund in accordance with N.J.S.A. 18A:22-8.2 and N.J.A.C. 6A:26-4.4 to supplement the proceeds from the District's bond authorization of \$4,450,000 which was approved by the voters on June 5, 2001.

As of June 30, 2014, there was an unspent balance of \$59,392, which relates to a 2001 project for additions to the two elementary schools.

In addition, there were four projects approved by the NJSDA in the 2009-10 school-year, with unspent balances of \$36,989 cancelled in the year ended June 30, 2014.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 20. DEFICIT FUND BALANCES

The District has a deficit in Unrestricted fund balance of (\$642,570) in the General Fund and (\$27,009) in the Special Revenue Fund as of June 30, 2014 as reported in the fund statements (modified accrual basis). P.L. 2004, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the General and Special Revenue Fund balances do not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2, any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's general fund deficit is less than the last state aid payments of \$911,956. The special revenue fund deficit of \$27,009 is equal to the last state aid payments.

NOTE 21. RECEIVABLES

Receivables at June 30, 2014 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

		General	Special	Proprietary	
Receivables:		Fund	Revenue	Funds	Total
		Fund	Fund		
Intergovernmental	\$	36,366	\$ 176,730	\$ 31,750	\$ 244,846
Other		1,696	340	2,380	4,416
Totals	\$	38,062	\$ 177,070	\$ 34,130	\$ 249,262

NOTE 22. SUBSEQUENT EVENTS

There were no events between year-end and the date of the audit that require additional disclosure.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 23. FEMA Community Disaster Loan (CDL)

General Fund [Exhibits A-1, A-2, B-1, B-2, C-1] - The school district did not apply for and did not receive a CDL due to Superstorm Sandy in October 2012.

NOTE 24. Community Development Block Grant (CDBG)

General Fund [Exhibits A-1, A-2, B-1, B-2, C-1 and C-1/b] - The school district did not receive a CBDG for the school year 2013-2014

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,732,787	\$	\$ 1,732,787	\$ 1,732,787	\$ -
Tuition In-State LEA				9,471	9,471
Interest on Investments				1,183	1,183
Miscellaneous	20,000		20,000	83,251	63,251
Total - Local Sources	1,752,787		1,752,787	1,826,692	73,905
State Sources:					
Equalization Aid	9,272,615		9,272,615	9,272,615	
Categorical Special Education	470,267		470,267	470,267	
Categorical Security Aid	283,193		283,193	283,193	
Adjustment Aid	944		944	944	
Transportation	196,051		196,051	196,051	
Extraordinary Aid				13,513	13,513
Anti-bullying Aid				1,622	1,622
Non-Public Transportation Aid				5,873	5,873
On-behalf TPAF Post Retirement Medical Contribution				270,156	270,156
On-behalf TPAF Pension Contribution				164,767	164,767
Reimbursement TPAF Social Security				262,085	262,085
Total - State Sources	10,223,070		10,223,070	10,941,086	718,016
Federal Sources:					
Medicaid Assistance (SEMI)	25,440		25,440	19,710	(5,730)
Total - Federal Sources	25,440		25,440	19,710	(5,730)
TOTAL REVENUES	\$ 12,001,297	\$	\$ 12,001,297	\$ 12,787,488	\$ 786,191
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool	\$ 81,736	\$ 9,683	\$ 91,419	\$ 91,418	\$ 1
Kindergarten	211,296	9,519	220,815	220,815	
Grades 1-5	1,128,677	(122,240)	1,006,437	1,006,072	365
Grades 6-8	801,993	(146,007)	655,986	655,985	1
Home Instruction:					
Salaries of Teachers	10,000	(6,053)	3,947	3,848	99
Purchased Educational Services	5,000	(4,460)	540	540	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		4,659	4,659	4,658	1
Purchased Technical Services	6,800	(5,300)	1,500	1,500	
Other Purchased Services	49,100	9,794	58,894	58,893	1
General Supplies	54,520	(4,373)	50,147	48,994	1,153
Textbooks	100,748	(9,681)	91,067	91,067	
Other Objects	5,000	(2,359)	2,641	2,640	1
Total Regular Programs	\$ 2,454,870	\$ (266,818)	\$ 2,188,052	\$ 2,186,430	\$ 1,622

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
CURRENT EXPENSES: (Continued)					
Special Education					
Learning/Language Disabled:					
Instruction					
Salaries of Teachers	\$ 198,620	\$ (2,880)	\$ 195,740	\$ 195,739	\$ 1
Other Salaries for Instructions	67,513	138,882	206,395	206,395	
Total Learning/Language Disabled:	266,133	136,002	402,135	402,134	1
Resource Room:					
Salaries of Teachers	253,573	46,650	300,223	300,223	
Other Salaries for Instruction	31,055	(4,000)	27,055	27,027	28
Total Resource Room	284,628	42,650	327,278	327,250	28
Behavioral Disabilities:					
Salaries of Teachers					
Other Salaries for Instruction					
Total Behavioral Disabilities					
TOTAL SPECIAL EDUCATION	550,761	178,652	729,413	729,384	29
Bilingual Education - Instruction:					
Salaries of Teachers	62,530	1,319	63,849	63,849	
Total Bilingual Instruction:	62,530	1,319	63,849	63,849	
School Sponsored Co-curricular Activities:					
Salaries	10,000	(8,974)	1,026	1,026	
Purchased Services	1,000	(700)	300	80	220
Supplies and Materials	1,000	(600)	400		400
Total School Sponsored Co-curricular Activities	12,000	(10,274)	1,726	1,106	620
School Sponsored Athletics:					
Salaries	4,000		4,000	3,485	515
Purchased Services	500	40	540	360	180
Supplies and Materials	1,000	(40)	960	760	200
Other Objects	500	(500)			
Total School Sponsored Athletics	6,000	(500)	5,500	4,605	895
Total Instruction	\$ 3,086,161	\$ (97,621)	\$ 2,988,540	\$ 2,985,374	\$ 3,166

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
CURRENT EXPENDITURES: (Continued)					
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	\$ 3,138,891	\$ (155,687)	\$ 2,983,204	\$ 2,983,204	\$ -
Tuition - Other LEAs Within the State - Special	274,555	65,695	340,250	339,960	290
Tuition - County Voc Sch Dist Regular	10,710	765	11,475	11,475	
Tuition - County Voc Sch Dist Special	29,120	3,060	32,180	32,180	
Tuition - Co Spec Serv and Regional Day Schools	1,027,521	201,927	1,229,448	1,229,447	1
Tuition to Private Schools for the Disabled					
Within State	55,705	(3,752)	51,953	51,953	
Tuition - State Facilities	31,365		31,365	31,365	
Total Undistributed Expenditures - Instruction	4,567,867	112,008	4,679,875	4,679,584	291
Attendance and Social Work Services:					
Salaries	18,009	360	18,369	18,369	
Purch Prof/ Tech Services		620	620	619	1
Total Attendance and Social Work Services	18,009	980	18,989	18,988	1
Health Services:					
Salaries	131,460	3,471	134,931	134,931	
Purch Prof/ Tech Services	1,600	(431)	1,169	1,000	169
Other Purchased Services		187	187	186	1
Supplies and Materials	5,000	(207)	4,793	4,729	64
Total Health Services	138,060	3,020	141,080	140,846	234
Other Support Services - Students - Related Services:					
Purchased Prof - Education Services	141,000	45,626	186,626	186,625	1
Total Related Services	141,000	45,626	186,626	186,625	1
Special Education- Extraordinary Services					
Purchased Prof - Education Services	37,000	1,692	38,692	37,470	1,222
Total Special Education- Extraordinary Services	37,000	1,692	38,692	37,470	1,222
Other Support Services - Students-Regular Guidance					
Salaries Other Professionals	107,690	12,874	120,564	120,564	
Salaries of Secretarial and Clerical Assistants	34,572	691	35,263	35,263	
Other Purchased Prof. and Tech. Services	1,000	(790)	210		210
Other Purchase Serv		249	249	249	
Supplies and Materials	2,000	904	2,904	2,903	1
Total Other Support Services - Students-Regular Guidance	145,262	13,928	159,190	158,979	211
Other Support Services - Students-Special Services:					
Purchased Professional - Educational Services	83,000	(58,561)	24,439	24,439	
Other Purchaed Prof. and Tech. Services	2,000	(2,000)			
Supplies and Materials	1,000	430	1,430	1,223	207
Other Objects	1,000	(1,000)			
Total Other Support Services - Students-Special Services	\$ 87,000	\$ (61,131)	\$ 25,869	\$ 25,662	\$ 207

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures:					
Improv. Instruction Services/Other Support					
Salary of Supervisor of Instruction	\$ 45,313	\$ 907	\$ 46,220	\$ 46,220	\$
Total Improvement Instruction Services/Other Support:	45,313	907	46,220	46,220	
Educational Media Services/School Library:					
Salaries	52,745	2,165	54,910	54,910	
Total Educational Media Services/School Library:	52,745	2,165	54,910	54,910	
Instructional Staff Training Services					
Salaries of Other Professional Staff		1,053	1,053	1,053	
Purchased Professional and Educational Services	1,500	(564)	936	600	336
Other Purchased Services	1,500	(1,500)			
Supplies and Materials		500	500	107	393
Other Objects	2,000	(1,750)	250	60	190
Total Inst. Staff Training Services	5,000	(2,261)	2,739	1,820	919
Support Services General Administration:					
Salaries	116,331	6,538	122,869	122,868	1
Legal Services	5,000	24,461	29,461	21,064	8,397
Audit Fees	17,000	3,370	20,370	20,370	
Architectural/Engineering Services	2,500	(2,500)			
Other Purchased Professional Services	11,000	(3,250)	7,750	7,750	
Purchased Technical Services	1,500	(1,500)			
Communication/Telephone	82,200	(15,608)	66,592	66,592	
Miscellaneous Purchased Services	27,524	(3,577)	23,947	23,847	100
General Supplies	500	1,228	1,728	1,728	
Miscellaneous Expenditures	1,000	9,567	10,567	10,567	
BOE Membership Dues and Fees	6,000	(93)	5,907	5,906	1
Total Support Services General Administration	270,555	18,636	289,191	280,692	8,499
Support Services School Administration:					
Salaries of Principals/Assistant Principals	181,254	3,626	184,880	184,879	1
Salaries of Secretarial and Clerical Assistants	105,914	2,344	108,258	108,258	
Other Salaries	8,000	(7,968)	32	32	
Purchased Professional and Technical Services	3,000	(855)	2,145	2,144	1
Other Purchased Services	7,600	(1,823)	5,777	5,489	288
Supplies and Materials		3,831	3,831	3,830	1
Other Objects	3,000	(1,853)	1,147	1,130	17
Total Support Services School Administration	308,768	(2,698)	306,070	305,762	308
Central Services					
Salaries	102,400	9,963	112,363	112,362	1
Purchased Professional Services		5,784	5,784	5,784	
Purchased Technical Services	4,500	3,000	7,500	7,500	
Miscellaneous Purchased Services	3,000	(1,196)	1,804	1,650	154
Supplies and Materials		1,725	1,725	1,725	
Other Objects	2,500	(1,800)	700	700	
Interest on Lease Purchase Agreements		933	933	933	
Miscellaneous Expenditures	50	(50)			
Total Central Services	112,450	18,359	130,809	130,654	155
Admin. Info. Technology					
Purchased Technical Services	60,000	5,860	65,860	65,860	
Other Purchased Services		625	625	624	1
Total Admin. Info. Technology	\$ 60,000	\$ 6,485	\$ 66,485	\$ 66,484	\$ 1

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Required Maintenance for School Facilities:					
Increase in Maintenance Reserve	\$ 72,200	\$ 874	\$ 73,074	\$ 69,201	\$ 3,873
Cleaning, Repair and Maintenance Services	2,000	(240)	1,760	1,188	572
General Supplies					
Required Maintenance for School Facilities:	74,200	634	74,834	70,389	4,445
Custodial Services:					
Salaries	57,318	(416)	56,902	56,901	1
Purchased Professional and Maintenance Services	310,000	230	310,230	305,629	4,601
Cleaning, Repair, and Maintenance Services	28,600	2,363	30,963	30,962	1
Insurance	29,707	(70)	29,637	29,628	9
Miscellaneous Purchased Services	5,000	(880)	4,120	4,120	
General Supplies	30,000	628	30,628	30,265	363
Energy (Natural Gas)	13,500	13,656	27,156	24,883	2,273
Energy (Electricity)	82,000	103,729	185,729	185,729	
Total Custodial Services	556,125	119,240	675,365	668,117	7,248
Total Operation and Maintenance of Plant Services	630,325	119,874	750,199	738,506	11,693
Undistributed Expenditures - Student Transportation Services:					
Salaries - Between Home & School - Regular	28,554	(14,300)	14,254	14,253	1
Management Fee - ESC & CTSA Transportation Programs	12,000	(12,000)			
Contracted Services (Home/School) - Vendor	495,367	768	496,135	493,204	2,931
Contracted Services (not Home/School) - Vendors	15,000	(150)	14,850	8,855	5,995
Contracted Services (Special Ed. Students) - ECS	276,200	48,410	324,610	324,257	353
Contracted Services - Aid in Lieu of Payments - Nonpublic	53,040	(555)	52,485	51,601	884
Total Student Transportation Services	880,161	22,173	902,334	892,170	10,164
Unallocated Benefits:					
Social Security Contributions	90,000	(10,500)	79,500	73,865	5,635
Other Retirement Contributions - PERS	75,000	5,364	80,364	77,144	3,220
Unemployment Compensation	240,000	(108,955)	131,045	27,939	103,106
Workers Compensation	69,733	(31,787)	37,946	37,946	
Health Benefits	1,241,873	(34,688)	1,207,185	1,201,475	5,710
Tuition Reimbursement	5,000	(4,670)	330		330
Other Employee Benefits	74,046	(23,177)	50,869	46,838	4,031
Total Unallocated Benefits	1,795,652	(208,413)	1,587,239	1,465,207	122,032
On-behalf TPAF Pension Contributions				164,767	(164,767)
On-behalf TPAF Post Retirement Medical Contribution				270,156	(270,156)
Reimbursement TPAF Social Security				262,085	(262,085)
Total Personal Services - Employee Benefits	1,795,652	(208,413)	1,587,239	2,162,215	(574,976)
Total Undistributed Expenditures	9,295,167	91,350	9,386,517	9,927,587	(541,070)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 12,381,328	\$ (6,271)	\$ 12,375,057	\$ 12,912,961	\$ (537,904)

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
CAPITAL OUTLAY:					
Equipment					
Undistributed Expenditures:					
Non-Instructional Services	\$	\$	\$	\$	\$
Total Equipment					
Facilities Acquisition and Construction Services:					
Construction Services		29,925	29,925	29,925	
Assessment for Debt Service on SDA Funding	9,270		9,270	9,270	
Total Facilities Acquisition and Construction Services	9,270	29,925	39,195	39,195	
TOTAL CAPITAL OUTLAY	9,270	29,925	39,195	39,195	
TOTAL EXPENDITURES	\$ 12,390,598	\$ 23,654	\$ 12,414,252	\$ 12,952,156	\$ (537,904)
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	\$ (389,301)	\$ (23,654)	\$ (412,955)	\$ (164,668)	\$ 248,287
Other financing sources (uses):					
Operating Transfer out - Food Service Deficit				(1,310)	(1,310)
Transfer from Capital Projects Fund				36,989	36,989
Operating Transfer - Interest on Capital Projects				12	12
Total Other Financing Sources				35,691	35,691
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(389,301)	(23,654)	(412,955)	(128,977)	283,978
Fund Balances, July 1	1,161,779		1,161,779	1,161,779	
Fund Balances, June 30	\$ 772,478	\$ (23,654)	\$ 748,824	\$ 1,032,802	\$ 283,978

RECAPITULATION :

Reserved:

Restricted Fund Balance:

Excess Surplus	\$ 14,587
Excess Surplus - Designated for Subsequent Year's Expenditures	584,774
Capital Reserve	255
Maintenance Reserve	122,500
Emergency Reserve	41,300
Unassigned Fund Balance	269,386
	1,032,802

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment not Recognized on GAAP Basis (911,956)

Fund Balance per Governmental Funds (GAAP) \$ 120,846

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 573,734	\$ 399,924	\$ 973,658	\$ 750,673	\$ 222,985
State Sources	270,063		270,063	260,973	9,090
Local Sources	4,143	1,000	5,143	4,780	363
Total Revenues	847,940	400,924	1,248,864	1,016,426	232,438
EXPENDITURES:					
Instruction					
Salaries of Teachers	506,574	(53,137)	453,437	445,246	8,191
Other Salaries for Instruction	94,410	19,275	113,685	108,892	4,793
Purchased Professional - Technical Services		27,357	27,357	25,735	1,622
Other Purchased Services			36,887	11,140	25,747
Tuition	169,200	(169,200)			
Supplies and Materials	8,763	60,984	69,747	14,147	55,600
General Supplies	8,100.00	(5,763)	3,000	1,377	1,623
Total Instruction	787,047	(120,484)	704,113	606,537	97,576
Support Services					
Other Salaries		38,566	38,566	26,729	11,837
Employee Benefits	51,493	61,734	113,227	101,768	11,459
Purchased Professional & Technical Services - Other		14,382	14,382	2,875	11,507
Purchased Professional Ed Services	4,900	223,886	228,786	225,051	3,735
Other Purchased Services		97,352	97,352	35,565	61,787
Travel	4,500	(132)	4,368	1,250	3,118
Supplies and Materials		43,585	43,585	12,166	31,419
Total Support Services	60,893	479,373	540,266	405,404	134,862
Facilities Acquisition and Construction Services:					
Construction Services		4,485	4,485	4,485	
Total Facilities Acquisition and Construction Services		4,485	4,485	4,485	
Total Expenditures	847,940	400,924	1,248,864	1,016,426	232,438
Other Financing Sources (Uses)					
Total Outflows	847,940	400,924	1,248,864	1,016,426	232,438
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION**

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule	[C-1] \$ 12,787,488	[C-2] \$ 1,016,426
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that		
encumbrances are recognized as expenditures, and the related		
revenue is recognized.		
2013-14		
2012-13		
State aid payment recognized for GAAP statements in current year,		
previously recognized for budgetary purposes.	921,257	30,578
State aid payment recognized for budgetary purposes,		
not recognized for GAAP statements until the subsequent year.	(911,956)	(27,009)
Total revenues as reported on the statement of revenues, expenditures		
and changes in fund balances - governmental funds.	[B-2] \$ 12,796,789	[B-2] \$ 1,019,995
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the		
budgetary comparison schedule	[C-1] \$ 12,952,156	[C-2] \$ 1,016,426
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but		
not received are reported in the year the order is placed for		
<i>budgetary</i> purposes, but in the year the supplies are received		
for <i>financial reporting</i> purposes.		
Transfers to and from other funds are presented as outflows of		
budgetary resources but are not expenditures		
for financial reporting purposes.		
Net transfers (outflows) to general fund		
Total expenditures as reported on the statement of revenues,		
expenditures, and changes in fund balances - governmental funds	[B-2] \$ 12,952,156	[B-2] \$ 1,016,426

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

EXHIBIT E-1
(1)

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	Action for Healthy Kids	Improving Literacy Grant	NCLB						Sub-Total Per E-1 (2)	Totals	
			Title I		Title II		I.D.E.A. - Part B				
			Part A		Part A	Part A	Basic	Pre- School		2014	2013
			2013-14	2012-13	2013-14	2012-13	2013-14	2013-14			
REVENUES:											
Federal Sources		\$ 9,679	\$ 316,375	\$ 25,735	\$ 61,697	\$ 781	\$ 217,571	\$ 6,070	\$ 112,765	\$ 750,673	\$ 869,526
State Sources									260,973	260,973	302,201
Other	\$ 990								3,790	4,780	976
Total Revenues	990	9,679	316,375	25,735	61,697	781	217,571	6,070	377,528	1,016,426	1,172,703
EXPENDITURES:											
Instruction:											
Salaries of Teachers		1,650	242,575		49,119	781			151,121	445,246	436,800
Salaries - Other Instructional									108,892	108,892	105,590
Purchased Prof./Tech.Services				25,735						25,735	198,000
Other Purchased Services									11,140	11,140	
Tuition											52,700
Supplies and Materials	990	8,029	1,511						3,617	14,147	21,209
General Supplies									1,377	1,377	7,179
Total Instruction	990	9,679	244,086	25,735	49,119	781			276,147	606,537	821,478
Support Services:											
Other Salaries									26,729	26,729	24,258
Personal Services-Employee Benefits			46,235		12,578				42,955	101,768	99,208
Purchased Prof/Tech Services									2,875	2,875	17,983
Purch. Prof.Ed.Services							217,571	6,070	1,410	225,051	182,110
Other Purchased Services			14,575						20,990	35,565	23,544
Con Tran. Services									1,250	1,250	480
Supplies and Materials			6,994						5,172	12,166	3,642
Other Expenses											
Total Support Services			67,804		12,578		217,571	6,070	101,381	405,404	351,225
Facilities Acquisition/Construction:											
Construction Services											
Instructional Equipment			4,485							4,485	
Total Facilities Acquisition/Construction			4,485							4,485	
Total Expenditures	\$ 990	\$ 9,679	\$ 316,375	\$ 25,735	\$ 61,697	\$ 781	\$ 217,571	\$ 6,070	\$ 377,528	\$ 1,016,426	\$ 1,172,703

EXHIBIT E-1

(2)

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	21ST CENTURY					Race to The Top	Safety Grant	Preschool Education 2013-14	Totals 2014
	2013-14 PN	HMS	HMS PY	PNS PY	PN IDEA 12-13				
REVENUES:									
Federal Sources	\$ 42,442	\$ 35,204	\$ 8,106	\$ 19,692	\$ 2,446	\$ 4,875			\$ 112,765
State Sources								\$ 260,973	260,973
Other							\$ 3,790		3,790
Total Revenues	42,442	35,204	8,106	19,692	2,446	4,875	3,790	260,973	377,528
EXPENDITURES:									
Instruction:									
Salaries of Teachers	15,282	10,368	969	8,402	1,440			114,660	151,121
Salaries - Other Instructional		9,167	3,315					96,410	108,892
Purchased Prof/Tech Serv									
Other Purchased Services								11,140	11,140
Tuition									
Supplies & Materials	6	1,335	1,211	1,065					3,617
General Supplies								1,377	1,377
Total Instruction	15,288	20,870	5,495	9,467	1,440			223,587	276,147
Support Services:									
Other Salaries	10,216	11,927	559	3,195	832				26,729
Personal Services-Employee Benefits	1,950	2,407	2,052	1,028	174			35,344	42,955
Purchased Prof/Tech Services						2,875			2,875
Purch. Prof.Ed.Services						750		660	1,410
Other Purchased Services	14,988			6,002					20,990
Travel								1,250	1,250
Supplies and Materials						1,250	3,790	132	5,172
Total Support Services	27,154	14,334	2,611	10,225	1,006	4,875	3,790	37,386	101,381
Facilities Acquisition/Construction:									
Instructional Equipment									
Total Facilities Acquisition/Construction									
Total Expenditures	\$ 42,442	\$ 35,204	\$ 8,106	\$ 19,692	\$ 2,446	\$ 4,875	\$ 3,790	\$ 260,973	\$ 377,528

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 114,660	\$ 114,660	
Other Salaries of Instruction	96,410	96,410	
Other Purchases Services	15,489	11,140	4,349
General Supplies	3,000	1,377	1,623
Total Instruction	<u>229,559</u>	<u>223,587</u>	<u>5,972</u>
Support Services:			
Personal Services - Employee Benefits	35,344	35,344	
Purchased Professional - Educational Services	660	660	
Travel	4,368	1,250	3,118
Supplies & Materials	132	132	
Total Support Services	<u>40,504</u>	<u>37,386</u>	<u>3,118</u>
Facilities Acquisition and Const. Services:			
Instructional Equipment			
Non Instructional Equipment			
Total Facilities Acquisition and Const. Services	<u></u>	<u></u>	<u></u>
Contribution to Charter Schools	<u></u>	<u></u>	<u></u>
Total Expenditures	<u>\$ 270,063</u>	<u>\$ 260,973</u>	<u>\$ 9,090</u>

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2012-13 Preschool Education Aid Allocation	\$ 270,063	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2013)		(2)
Add: Budgeted Transfer from the General Fund 2013-14		(3)
Total Preschool Education Aid Funds Available for 2013-14 Budget	270,063	(4)
Less: 2012-13 Budgeted Preschool Education Aid (including prior year budget carryover)	(270,063)	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2014	<u>-</u>	(6)
Add: June 30, 2014 Unexpended Preschool Education Aid	9,090	(7)
Less: 2013-14 Commissioner-approved Transfer to the General Fund		(8)
2013-14 Carryover - Preschool Education Aid Programs	<u>\$ 9,090</u>	(9)
2013-14 Preschool Education Aid Carryover Budgeted for Preschool Programs 2014-15	<u>\$</u>	(10)

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

COMMERCIAL TOWNSHIP BOARD OF EDUCATIONS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Project Title/Issue	DOE Project No.	Original Date	Prior Appropriations	2013-14 Cancellations	Expenditures to Date		Unexpended Balance	
					Prior Years	Current Year	June 30 2014	June 30 2013
Construction of classrooms and acquisition of other additions to the Haleyville-Mauricetown and Port Norris Schools		8/1/01	\$ 4,438,469	\$	\$ 4,379,077	\$	\$ 59,392	\$ 59,392
New Flooring in Classrooms and Offices	1002	6/23/10	54,987	(750)	54,237			750
Replacement of Existing Asphalt Drives and Parking Areas, Concrete Sidewalks, Doors and Hardware and Construction of New Fire Lane	1003	6/23/10	433,015		433,015			
New Floor Finishes in Existing Classrooms	1004	6/23/10	65,443	(949)	64,494			949
Parking Lot and Sidewalk Upgrades, New Site Drainage, New Doors and Hardware	1005	6/23/10	286,222	(4,031)	282,191			4,031
Repointing of Existing Glass Block at Harleysville - Mauricetown Elementary School	1001	7/23/10	230,830	(31,259)	199,571			31,259
			<u>\$ 5,508,966</u>	<u>\$ (36,989)</u>	<u>\$ 5,412,585</u>	<u>\$</u>	<u>\$ 59,392</u>	<u>\$ 96,381</u>
				Unencumbered Balance		\$	<u>59,392</u>	

EXHIBIT F-2

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Revenues and Other Financing

Sources

State Sources - SDA Grant	\$	
Interest		12
		<hr/>
Total Revenues		12
		<hr/>

Expenditures and Other Financing

Uses

Construction Services		
		<hr/>
Total Expenditures		
		<hr/>

Excess (Deficiency) of Revenues Over (Under) Expenditures		12
Cancellation of Unexpended Balances		(36,989)
Transfer Interest to General Fund		(12)
		<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures		(36,989)
Fund Balance - Beginning		96,381
		<hr/>
Fund Balance - Ending	\$	59,392
		<hr/> <hr/>

EXHIBIT F-2A

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
NEW FLOORING IN CLASSROOMS AND OFFICES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 42,440	\$	\$ 42,440	\$ 42,440
Transfer from Capital Outlay	12,547	(750)	11,797	11,797
Total Revenues	54,987	(750)	54,237	54,237
Expenditures and Other Financing Uses				
Construction Services	54,237		54,237	54,237
Total Expenditures	54,237		54,237	54,237
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 750	\$ (750)	\$	\$

Additional Project Information:

Project Number	950-025-09-1002
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization Date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$54,987
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$54,987
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	August 20, 2010
Revised Target Completion Date	August 20, 2010

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
REPLACEMENT OF EXISTING ASPHALT DRIVES AND PARKING AREAS,
SIDEWALKS, DOORS AND FIRE LANE
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 193,062	\$	\$ 193,062	\$ 193,062
Transfer from Capital Outlay	239,953		239,953	239,953
Total Revenues	433,015		433,015	433,015
Expenditures and Other Financing Uses				
Construction Services	433,015		433,015	433,015
Total Expenditures	433,015		433,015	433,015
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$

Additional Project Information:

Project Number	950-025-09-1003
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization Date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$433,015
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$433,015
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	August 21, 2009
Revised Target Completion Date	August 20, 2010

EXHIBIT F-2C

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
NEW FLOOR FINISHES IN EXISTING CLASSROOMS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 50,466	\$	\$ 50,466	\$ 50,466
Transfer from Capital Outlay	14,977	(949)	14,028	14,028
Total Revenues	65,443	(949)	64,494	64,494
Expenditures and Other Financing Uses				
Construction Services	64,494		64,494	64,494
Total Expenditures	64,494		64,494	64,494
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 949	\$ (949)	\$	\$

Additional Project Information:

Project Number	950-025-09-1004
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization Date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$65,443
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$65,443
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	August 20, 2010
Revised Target Completion Date	August 20, 2010

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
PARKING LOT AND SIDEWALK UPGRADES, SITE DRAINAGE, NEW DOORS AND HARDWARE
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 169,311	\$	\$ 169,311	\$ 169,311
Transfer from Capital Outlay	116,911	(4,031)	112,880	116,911
Total Revenues	286,222	(4,031)	282,191	286,222
Expenditures and Other Financing Uses				
Construction Services	282,191		282,191	286,222
Total Expenditures	282,191		282,191	286,222
Excess (Deficiency) of Revenues Over Under) Expenditures	\$ 4,031	\$ (4,031)	\$	\$

Additional Project Information:

Project Number	950-025-09-1005
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization Date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$286,222
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$286,222
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	August 21, 2009
Revised Target Completion Date	August 21, 2009

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
REPOINTING OF EXISTING GLASS BLOCK AT HALEYVILLE-MAURICETOWN
ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 179,902	\$	\$ 179,902	\$ 179,902
Transfer from Capital Outlay	50,928	(31,259)	19,669	19,669
Total Revenues	230,830	(31,259)	199,571	199,571
Expenditures and Other Financing Uses				
Construction Services	199,571		199,571	199,571
Total Expenditures	199,571		199,571	199,571
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 31,259	\$ (31,259)	\$	\$

Additional Project Information:

Project Number	950-025-10-1001
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$230,830
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$230,830
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	August 30, 2011
Revised Target Completion Date	August 30, 2011

Note: The total project amount administered by the NJSDA is \$230,830 of which \$179,902 represents the grant from the State of New Jersey with the remaining \$50,928 being funded by the Board of Education.

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2014 AND 2013

	Food Service Enterprise Fund	Extended Day Enterprise Fund	Totals 2014	2013
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$	\$ 34,715	\$ 34,715	\$ 54,617
Accounts Receivable:				
State	645		645	576
Federal	31,105		31,105	22,623
Other	587	1,793	2,380	3,542
Inventories	13,153		13,153	15,098
Total Current Assets	45,490	36,508	81,998	96,456
Fixed Assets:				
Equipment	150,518		150,518	167,407
Accumulated Depreciation	(147,378)		(147,378)	(149,715)
Total Fixed Assets	3,140		3,140	17,692
Total Assets	48,630	36,508	85,138	114,148
LIABILITIES:				
Current Liabilities:				
Accounts Payable		1,112	1,112	378
Due to General Fund	21,841		21,841	9,407
Unearned Revenue	3,672		3,672	2,815
Compensated Absences	19,977		19,977	26,075
Total Current Liabilities	45,490	1,112	46,602	38,675
NET POSITION:				
Invested in Capital Assets Net of Related Debt	3,140		3,140	17,692
Unrestricted		35,396	35,396	57,781
Total Net Position	\$ 3,140	\$ 35,396	\$ 38,536	\$ 75,473

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

	Food Service Enterprise Fund	Extended Day Enterprise Fund	Totals 2014	2013
OPERATING REVENUES:				
Local Sources:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$ 26,597	\$	\$ 26,597	\$ 31,724
Total Daily Sales - Reimbursable Programs	26,597		26,597	31,724
Daily Sales Non-Reimbursable Programs	17,006	9,721	26,727	55,850
Total Operating Revenue	43,603	9,721	53,324	87,574
OPERATING EXPENSES:				
Salaries	154,274	31,944	186,218	170,855
Employee Benefits	35,190		35,190	54,287
Supplies and Materials	25,838	192	26,030	20,772
Depreciation	1,040		1,040	2,070
Cost of Sales	165,408		165,408	179,879
Management Fee	16,992		16,992	16,751
Repairs and Other Expenses	10,374		10,374	8,016
Total Operating Expenses	409,116	32,136	441,252	452,630
Operating Income (Loss)	(365,513)	(22,415)	(387,928)	(365,056)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program	4,536		4,536	4,671
Federal Sources:				
School Breakfast Program	80,884		80,884	68,266
National School Lunch Program	217,914		217,914	212,463
Snack Program	11,448		11,448	8,114
Food Distribution Program	27,538		27,538	26,844
Fruit and Vegetable Grant	20,843		20,843	22,258
Fixed Asset Adjustment	(13,512)		(13,512)	
Interest		30	30	139
Total Non-Operating Revenues	349,651	30	349,681	342,755
Net Income before Operating Transfers	(15,862)	(22,385)	(38,247)	(22,301)
Operating Transfer In	1,310		1,310	32,116
Net Income	(14,552)	(22,385)	(36,937)	9,815
Net Position - July 1	17,692	57,781	75,473	65,658
Net Position - June 30	\$ 3,140	\$ 35,396	\$ 38,536	\$ 75,473

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

	<u>Food Service</u> <u>Enterprise</u> <u>Fund</u>	<u>Extended Day</u> <u>Enterprise</u> <u>Fund</u>	<u>Totals</u> <u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ (365,513)	\$ (22,415)	\$ (387,928)	\$ (365,056)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation	1,040		1,040	2,070
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	(9,138)	1,749	(7,389)	(9,943)
(Increase)/Decrease in Inventory	1,945		1,945	4,004
(Increase)/Decrease in Interfund Receivable				4,349
Increase/(Decrease) in Accounts Payable		734	734	(1,452)
Increase/(Decrease) in Due to General	12,434		12,434	9,407
Increase/(Decrease) in Unearned Revenue	857		857	(3,790)
Increase/(Decrease) in Compensated Absences	(6,098)		(6,098)	11,498
Net Cash Used by Operating Activities	(364,473)	(19,932)	(384,405)	(348,913)
Cash Flows from Noncapital Financing Activities:				
Cash Received from State and Federal Reimbursement	363,163		363,163	342,616
Cancellation of Prior Year Accounts Receivable				
Operating Transfer from General Fund	1,310		1,310	32,116
Net Cash Provided by Noncapital Financing Activities	364,473		364,473	374,732
Cash Flows from Capital & Related Financing Activities:				
Purchase of Capital Asset				
Cash Flows from Investing Activities:				
Other Local Revenue		30	30	139
Net Decrease in Cash and Cash Equivalents		(19,902)	(19,902)	25,958
Cash and Cash Equivalents, July 1 (Overdraft)		54,617	54,617	28,659
Cash and Cash Equivalents, June 30 (Overdraft)	\$ -	\$ 34,715	\$ 34,715	\$ 54,617

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2013)

	Expendable	Private	Agency		Total	
	Trust	Purpose	Student		2014	2013
	Funds	Scholarship	Activity	Payroll		
		Fund				
ASSETS:						
Cash and Cash Equivalents	\$ 161,587	\$ 1,915	\$ 10,910	\$ 241,158	\$ 415,570	\$ 425,707
Certificate of Deposit		32,500			32,500	33,500
Due from Payroll Agency Account	3,563				3,563	
Total Assets	\$ 165,150	\$ 34,415	\$ 10,910	\$ 241,158	\$ 451,633	\$ 459,207
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Interfund Payable - General Fund	\$	\$	\$	\$ 12,281	\$ 12,281	\$ 16,770
Due to Unemployment Trust Account				3,563	3,563	
Accounts Payable	2,087				2,087	16,037
Summer Reserve				212,597	212,597	216,695
Payroll Deductions and Withholdings				12,717	12,717	20,366
Due to Student Groups			10,910		10,910	11,405
Total Liabilities	2,087		10,910	241,158	254,155	281,273
Net Position						
Reserved for Scholarships		34,415			34,415	35,325
Held in Trust for Unemployment						
Claims and Other Purposes	163,063				163,063	142,609
Total Net Position	163,063	34,415			197,478	177,934
Total Liabilities and Fund Balance	\$ 165,150	\$ 34,415	\$ 10,910	\$ 241,158	\$ 451,633	\$ 459,207

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014 AND 2013

	<u>Expendable Trust</u>			
	<u>Unemployment</u>	<u>Scholarship</u>	<u>Total</u>	<u>Total</u>
	<u>Funds</u>	<u>Funds</u>	<u>2014</u>	<u>2013</u>
ADDITIONS:				
Contributions	\$ 2,782	\$	\$ 2,782	\$ 151,390
Employee Deductions	17,513		17,513	4,751
Investment Earnings	159	90	249	292
Total Additions	<u>20,454</u>	<u>90</u>	<u>20,544</u>	<u>156,433</u>
DEDUCTIONS:				
Total Deductions		1,000	1,000	108,685
Change in Net Position	<u>20,454</u>	<u>(910)</u>	<u>19,544</u>	<u>47,748</u>
Net Position - Beginning of the Year	<u>142,609</u>	<u>35,325</u>	<u>177,934</u>	<u>130,186</u>
Net Position - End of the Year	<u>\$ 163,063</u>	<u>\$ 34,415</u>	<u>\$ 197,478</u>	<u>\$ 177,934</u>

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1,</u> <u>2013</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u> <u>6/30/14</u>	<u>Balance</u> <u>June 30,</u> <u>2014</u>
ELEMENTARY SCHOOLS					
Haleyville-Mauricetown	\$ 435	\$ 3,014	\$ 2,087	\$	\$ 1,362
Port Norris	1,177	1,804	2,146		835
Breakfast Fund		3,530	2,911		619
General Fund	1,394	6			1,400
Performing Arts	8,398	8,671	11,139		5,930
Due to Studen Groups		1			1
Graduation		500	500		
Graduation Awards/Donations		825	825		
Bookfair, HMS	1	4,053	4,048		6
NJHS PNS		1,375	618		757
Total Elementary Schools	<u>11,405</u>	<u>23,779</u>	<u>24,274</u>		<u>10,910</u>
TOTAL ALL SCHOOLS	<u>\$ 11,405</u>	<u>\$ 23,779</u>	<u>\$ 24,274</u>	<u>\$</u>	<u>\$ 10,910</u>

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>7/1/2013</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u> <u>6/30/14</u>
ASSETS:							
Cash and Cash Equivalents	\$ 253,831	\$	5,592,887	\$	5,605,560	\$	241,158
Total Assets	<u>\$ 253,831</u>	<u>\$</u>	<u>5,592,887</u>	<u>\$</u>	<u>5,605,560</u>	<u>\$</u>	<u>241,158</u>
LIABILITIES:							
Interfund Payable - General Fund	\$ 16,770	\$		\$	4,489	\$	12,281
Due to Unemployment Trust Account			3,563				3,563
Summer Reserve Account	216,695				4,098		212,597
Payroll Deductions and Withholdings	20,366		5,589,324		5,596,973		12,717
Total Liabilities	<u>\$ 253,831</u>	<u>\$</u>	<u>5,592,887</u>	<u>\$</u>	<u>5,605,560</u>	<u>\$</u>	<u>241,158</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

EXHIBIT I-1

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
GENERAL LONG-TERM DEBT ACCOUNT GROUP
STATEMENT OF SERIAL BONDS
LOANS PAYABLE
JUNE 30, 2014

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2014</u>
			<u>Date</u>	<u>Amount</u>					
School	8/18/1993	\$692,500			1.50%	\$ 36,444	\$	\$ 36,444	\$
School	8/18/1993	692,500			5.29%	51,304		51,304	
Refunding Bonds of 2009 to Refund Series 2001 Above	11/17/2009	2,370,000	8/1/14	195,000.00	2.250%				
			8/1/15	200,000.00	4.000%				
			8/1/16	210,000.00	3.000%				
			8/1/17	225,000.00	4.000%				
			8/1/18	235,000.00	3.125%				
			8/1/19	230,000.00	3.250%				
			8/1/20	235,000.00	4.500%				
			8/1/21	230,000.00	4.500%	1,955,000		195,000	1,760,000
Totals						\$ 2,042,748	\$	\$ 282,748	\$ 1,760,000

EXHIBIT I-3

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 105,778	\$	\$ 105,778	\$ 105,778	\$
State Sources:					
Debt Service Aid Type II	205,563		205,563	205,563	
TOTAL REVENUES	<u>311,341</u>		<u>311,341</u>	<u>311,341</u>	
EXPENDITURES:					
Regular Debt Service					
Interest	67,011	3	67,014	67,014	
Redemption of Principal	282,751	(3)	282,748	282,748	
Total Regular Debt Service	<u>349,762</u>		<u>349,762</u>	<u>349,762</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(38,421)</u>		<u>(38,421)</u>	<u>(38,421)</u>	
Other Financing Sources (Uses)					
Operating Transfers In					
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Sources	<u>(38,421)</u>		<u>(38,421)</u>	<u>(38,421)</u>	
Fund Balance, July 1	<u>39,108</u>		<u>39,108</u>	<u>39,108</u>	
Fund Balance, June 30	<u>\$ 687</u>	<u>\$</u>	<u>\$ 687</u>	<u>\$ 687</u>	<u>\$</u>

STATISTICAL SECTION

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 4,418,872	\$ 4,450,796	\$ 4,246,359	\$ 4,091,162	\$ 4,111,820	\$ 4,873,181	\$ 4,781,888	\$ 4,963,198	\$ 4,714,157	\$ 3,179,843
Restricted	2,009,609	1,954,624	1,549,510	1,128,119	2,046,062	1,526,428	1,466,286	1,021,338	981,597	823,240
Unrestricted	(1,037,655)	(1,084,527)	(1,084,243)	(1,031,124)	(1,747,868)	(1,885,240)	(1,602,285)	(966,864)	(1,663,637)	(1,451,087)
Total Governmental Activities Net Position	\$ 5,390,826	\$ 5,320,893	\$ 4,711,626	\$ 4,188,157	\$ 4,410,014	\$ 4,514,369	\$ 4,645,889	\$ 5,017,672	\$ 4,032,117	\$ 2,551,996
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 15,612	\$ 13,191	\$ 10,770	\$ 10,309	\$ 9,083	\$ 23,902	\$ 21,832	\$ 19,762	\$ 17,692	\$ 3,140
Restricted										
Unrestricted	(12,483)	82,246	121,133	159,873	167,010	124,630	82,489	45,896	57,781	35,396
Total Business-Type Activities Net Position	\$ 3,129	\$ 95,437	\$ 131,903	\$ 170,182	\$ 176,093	\$ 148,532	\$ 104,321	\$ 65,658	\$ 75,473	\$ 38,536
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 4,434,484	\$ 4,463,987	\$ 4,257,129	\$ 4,101,471	\$ 4,120,903	\$ 4,897,083	\$ 4,803,720	\$ 4,982,960	\$ 4,982,960	\$ 3,182,983
Restricted	2,009,609	1,954,624	1,549,510	1,128,119	2,046,062	1,526,428	1,466,286	1,021,338	1,021,338	823,240
Unrestricted	(1,050,138)	(1,002,281)	(963,110)	(871,251)	(1,580,858)	(1,760,610)	(1,519,796)	(920,968)	(920,968)	(1,415,691)
Total District-Wide Net Position	\$ 5,393,955	\$ 5,416,330	\$ 4,843,529	\$ 4,358,339	\$ 4,586,107	\$ 4,662,901	\$ 4,750,210	\$ 5,083,330	\$ 5,083,330	\$ 2,590,532

Source: CAFR Schedule A-1

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

For Fiscal Year Ending June 30,

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental Activities										
Instruction										
Regular	\$ 3,107,388	3,224,042	3,156,227	3,319,501	3,357,969	3,464,382	3,366,236	3,909,913	3,161,789	2,792,967
Special Education	414,690	364,812	410,850	402,660	608,730	495,980	695,354	400,945	695,940	729,384
Other Special Education	273,639	124,613	269,767	239,384	366,151	418,126	343,378	7,447	62,530	63,849
Other Instruction	5,640	8,184	3,826	2,704	18,538	19,833	6,286	9,731	9,430	5,711
Support Services										
Tuition	1,993,128	2,442,565	2,641,693	2,532,551	2,420,356	2,797,250	3,061,878	3,448,826	4,895,951	4,679,584
Student and Instruction Related Services	1,410,276	1,042,753	914,994	1,218,422	887,375	1,022,953	963,836	942,783	860,192	975,156
General and Business Administrative Services	341,864	327,625	301,534	339,179	395,564	354,808	273,396	225,672	287,624	280,692
School Administrative Services	316,243	348,611	321,346	292,444	302,336	314,291	344,906	365,004	309,154	305,762
Central Services			195,105	204,391	205,258	219,829	217,143	248,170	117,424	130,654
Administrative Information Technology				12,530	9,875	3,783	13,526	31,615	57,358	66,484
Plant Operations and Maintenance	673,716	697,071	769,031	792,768	841,711	817,433	899,009	835,641	769,215	738,506
Pupil Transportation	680,440	669,035	691,322	815,314	880,997	993,527	808,002	802,161	851,737	671,346
Business and Other Support Services	1,582,297	2,081,148	2,330,474	2,133,729	2,265,509	2,713,412	2,404,763	2,513,003	2,613,197	2,273,253
Summer School				32,901	52,932	55,884	10,732			
Amortization of Debt Issue Costs	2,189	3,850	3,850	3,850	3,850	35,614	9,516	9,516		
Interest on Long-Term Debt	166,814	167,505	158,543	149,861	139,399	72,761	85,405	78,086	76,918	63,895
Unallocated Depreciation	400,693	401,290	533,538	393,603	393,603	415,865	509,902	538,034	538,750	330,253
Total Governmental Activities Expenses	11,369,017	11,903,104	12,702,100	12,885,792	13,150,153	14,215,731	14,013,268	14,366,547	15,307,209	14,107,496
Business-Type Activities										
Food Service	426,110	352,987	389,398	403,650	453,051	495,927	507,598	446,127	428,049	409,116
Extended Day	1,086	24,381	21,511	19,570	18,608	19,712	18,822	23,578	24,581	32,136
Safe Schools		38,827								
Total Business-Type Activities Expense	427,196	416,195	410,909	423,220	471,659	515,639	526,420	469,705	452,630	441,252
Total District Expenses	\$ 11,796,213	12,319,299	13,113,009	13,309,012	13,621,812	14,731,370	14,539,688	14,836,252	15,759,839	14,548,748
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	\$ 2,218,602	2,610,073	2,682,881	2,732,628	1,754,904	2,108,027	2,174,350	1,869,639	2,016,459	1,708,949
Total Governmental Activities Program Revenues	2,218,602	2,610,073	2,682,881	2,732,628	1,754,904	2,108,027	2,174,350	1,869,639	2,016,459	1,708,949
Business-Type Activities										
Charges for Services										
Food Service	73,759	76,044	76,574	77,775	67,020	64,339	77,806	57,650	51,247	43,603
Extended Day	24,741	18,197	21,028	22,954	19,235	25,636	23,654	18,438	36,327	9,721
Operating Grants and Contributions	225,291	292,980	227,753	250,120	290,924	357,007	330,188	350,089	342,616	363,163
Total Business-Type Activities Program Revenues	323,791	387,221	325,355	350,849	377,179	446,982	431,648	426,177	430,190	416,487
Total District Program Revenues	\$ 2,542,393	2,997,294	3,008,236	3,083,477	2,132,083	2,555,009	2,605,998	2,295,816	2,446,649	2,125,436
Net (Expense)/Revenue										
Governmental Activities	\$ (9,150,415)	(9,293,031)	(10,019,219)	(10,153,164)	(11,395,249)	(12,107,704)	(11,838,918)	(12,496,908)	(13,290,750)	(12,398,547)
Business-Type Activities	(103,405)	(28,974)	(85,554)	(72,371)	(94,480)	(68,657)	(94,772)	(43,528)	(22,440)	(24,765)
Total District-Wide Net Expense	\$ (9,253,820)	(9,322,005)	(10,104,773)	(10,225,535)	(11,489,729)	(12,176,361)	(11,933,690)	(12,540,436)	(13,313,190)	(12,423,312)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, net	\$ 1,243,223	1,466,983	1,560,450	1,535,870	1,558,870	1,558,870	1,616,662	1,648,998	1,698,811	1,732,787
Taxes Levied for Debt Service	114,586	135,328	86,149	114,019	109,911	115,148	174,378	143,805	146,908	105,778
Unrestricted Grants and Contributions	8,163,754	7,514,370	7,543,733	7,940,421	9,915,156	10,447,899	10,173,152	11,051,930	10,440,131	10,481,926
Investment Earnings	41,339	78,959	143,079	51,543	15,013	20,573	11,982	7,557	3,948	1,195
Miscellaneous Income	20,135	147,458	179,202	122,225	175,836	104,569	44,264	20,750	131,520	119,269
Other Adjustments			17,339	(14,383)	(57,680)					(1,521,219)
Transfers	(150,000)	(120,000)	(120,000)	(120,000)	(100,000)	(35,000)	(50,000)	(4,349)	(32,116)	(1,310)
Total Governmental Activities	9,433,037	9,223,098	9,409,952	9,629,695	11,617,106	12,212,059	11,970,438	12,868,691	12,389,202	10,918,426
Business-Type Activities										
Investment Earnings	332	1,282	2,020	1,166	391	489	561	516	139	30
Other Adjustments				(10,516)		5,607				(13,512)
Transfers	150,000	120,000	120,000	120,000	100,000	35,000	50,000	4,349	32,116	1,310
Total Business-Type Activities	150,332	121,282	122,020	110,650	100,391	41,096	50,561	4,865	32,255	(12,172)
Total District-Wide	\$ 9,583,369	9,344,380	9,531,972	9,740,345	11,717,497	12,253,155	12,020,999	12,873,556	12,421,457	10,906,254
Change in Net Position										
Governmental Activities	\$ 282,622	(69,933)	(609,267)	(523,469)	221,857	104,355	131,520	371,783	(901,548)	(1,480,121)
Business-Type Activities	46,927	92,308	36,466	38,279	5,911	(27,561)	(44,211)	(38,663)	9,815	(36,937)
Total District-Wide	\$ 329,549	22,375	(572,801)	(485,190)	227,768	76,794	87,309	333,120	(891,733)	(1,517,058)

Source: CAFR Schedule A-2

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Restricted	\$ 1,922,793	\$ 1,805,517	\$ 1,099,012	\$ 852,073	\$ 1,486,960	\$ 1,622,136	\$ 641,437	\$ 88,309	\$ 584,774	\$ 14,587
Unrestricted	(171,471)	12,690	371,498	209,417	(126,263)	(732,463)	179,066	763,619	(344,252)	106,259
Total General Fund	<u>\$ 1,751,322</u>	<u>\$ 1,818,207</u>	<u>\$ 1,470,510</u>	<u>\$ 1,061,490</u>	<u>\$ 1,360,697</u>	<u>\$ 889,673</u>	<u>\$ 820,503</u>	<u>\$ 851,928</u>	<u>\$ 240,522</u>	<u>\$ 120,846</u>
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted, Reported in:										
Special Revenue Fund	(45,314)	(45,314)	(45,314)	(55,765)	(32,417)	(32,806)	(36,296)	(32,806)	(27,009)	(27,009)
Capital Projects Fund	25,463	25,463	18,938	18,938	18,938	24,668	65,122	72,899	59,392	59,392
Debt Service Fund	28,659	28,659	4,757	4,757	2	42,861	42,862	38,423	687	687
Permanent Fund	35,453									
Total All Other Governmental Funds	<u>\$ 44,261</u>	<u>\$ 8,808</u>	<u>\$ (21,619)</u>	<u>\$ (32,070)</u>	<u>\$ (13,477)</u>	<u>\$ 34,723</u>	<u>\$ 71,688</u>	<u>\$ 78,516</u>	<u>\$ 33,070</u>	<u>\$ 33,070</u>

Source: CAFR Schedule B-1

EXHIBIT J-4

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax Levy	\$ 1,357,809	\$ 1,602,311	\$ 1,646,599	\$ 1,649,889	\$ 1,668,781	\$ 1,674,018	\$ 1,791,040	\$ 1,792,803	\$ 1,845,719	\$ 1,838,565
Transportation										
Interest Earnings	40,836	78,959	143,079	51,543	15,013	20,573	11,982	7,557	3,948	1,195
Miscellaneous	145,792	102,721	182,201	125,225	176,836	104,569	44,264	20,750	116,302	88,031
State Sources	8,925,243	8,933,866	9,322,918	9,861,808	10,860,691	9,676,315	11,128,210	11,741,894	11,567,605	11,420,492
Federal Sources	1,283,680	1,190,577	900,696	808,241	808,369	2,879,611	1,219,292	1,179,675	888,985	770,383
Other Sources									15,218	9,471
Total Revenues	11,753,360	11,908,434	12,195,493	12,496,706	13,529,690	14,355,086	14,194,788	14,742,679	14,437,777	14,128,137
Expenditures										
Instruction										
Regular Instruction	3,107,388	3,224,042	3,156,227	3,319,501	3,357,969	3,464,382	3,366,236	3,909,913	3,161,789	2,792,967
Special Education Instruction	414,690	364,812	410,850	402,660	608,730	495,980	695,354	400,945	695,940	729,384
Other Special Instruction	273,639	124,613	269,767	239,384	366,151	418,126	343,378	7,447	62,530	63,849
Other instruction	5,640	8,184	3,826	2,704	18,538	19,833	6,286	9,731	9,430	5,711
Support Services										
Tuition	1,993,128	2,442,565	2,641,693	2,532,551	2,420,356	2,797,250	3,061,878	3,448,826	4,895,951	4,679,584
Student and Instruction Related Services	1,410,276	1,042,753	914,994	1,218,422	887,375	1,022,953	963,836	942,783	860,192	975,156
School Administrative Services	316,243	348,611	296,534	292,444	395,564	354,808	344,906	365,004	309,154	305,762
General Administrative Services	341,864	327,625	326,346	351,709	302,336	314,291	273,396	225,672	287,624	280,692
Central Services & Info. Techn.			195,105	204,391	215,133	223,612	228,303	278,409	174,782	197,138
Plant Operations and Maintenance	673,716	697,071	769,031	792,768	847,255	817,433	899,009	835,641	769,215	738,506
Pupil Transportation	680,440	669,035	691,322	815,314	880,997	993,527	808,002	802,161	851,737	892,170
Business and Other Support Services	180,708	185,497								
Employee Benefits	1,401,589	1,812,016	2,303,797	2,185,417	2,148,522	2,452,283	2,614,324	2,671,724	2,564,402	2,263,983
Summer School				32,901	52,932	55,884	10,732			
Capital Outlay	103,132	100,365	100,287	36,494	238,416	982,230	199,491	442,247	15,020	43,680
Debt Service										
Principal	175,884	203,173	209,704	216,295	227,981	239,693	271,536	278,473	280,560	282,748
Interest and Other Charges	166,814	171,187	162,364	153,222	143,635	90,625	90,326	81,101	74,113	67,014
Total Expenditures	11,245,151	11,721,549	12,451,847	12,796,177	13,111,890	14,742,910	14,176,993	14,700,077	15,012,439	14,318,344
Excess (Deficiency) of Revenues Over (Under) Expenditures	508,209	186,885	(256,354)	(299,471)	417,800	(387,824)	17,795	42,602	(574,662)	(190,207)
Other Financing Sources (Uses)										
Other adjustments			(1,770)							
Transfers, Net	(194,176)	(120,000)	(120,000)	(120,000)	(100,000)	(35,000)	(50,000)	(4,349)	(32,116)	20,457
Total Other Financing Sources (Uses)	(194,176)	(120,000)	(121,770)	(120,000)	(100,000)	(35,000)	(50,000)	(4,349)	(32,116)	20,457
Net Change in Fund Balances	\$ 314,033	\$ 66,885	\$ (378,124)	\$ (419,471)	\$ 317,800	\$ (422,824)	\$ (32,205)	\$ 38,253	\$ (606,778)	\$ (169,750)
Debt Service as a Percentage of Noncapital Expenditures	3.1%	3.2%	3.0%	2.9%	2.9%	2.4%	2.6%	2.5%	2.4%	2.5%

Source: CAFR Schedule B-2

EXHIBIT J-5

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Transportation</u> <u>and Tuition</u> <u>Revenue</u>	<u>Prior Years</u> <u>Tuition</u>	<u>Prior Year</u> <u>Order</u> <u>Adjustments</u>	<u>E-Rate</u>	<u>Misc.</u>	<u>Total</u>
2014	\$ 1,183	\$ 9,471	\$	\$ 20,162	\$ 55,388	\$ 7,701	\$ 93,905
2013	1,183	15,218	6,609	33,391	64,424	5,196	126,021
2012	7,076				14,024	2,627	23,727
2011	11,982		23,345		13,883	6,473	55,683
2010	20,020	14,202		34,586	11,972	42,899	123,679
2009	14,533	104,708		63,342	5,797	62,429	250,809
2008	51,543	35,672		66,805	16,792	2,956	173,768
2007	143,079	10,552		96,288		75,361	325,280
2006	76,791		8,643	69,883		24,195	179,512
2005	14,885	40,296		95,101		36,849	187,131

Source: District Records

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual County Equalized Value
2014	\$ 17,700,300	\$ 241,473,000	\$ 3,001,700	\$ 478,100	\$ 11,201,500	\$ 12,810,900	\$ 1,169,000	\$ 287,834,500	\$ 1,210,992	\$ 289,045,492	\$ 0.610	\$ 248,726,867
2013	17,600,800	242,619,700	3,001,700	478,100	11,286,300	12,810,900	1,169,000	288,966,500	1,485,984	290,452,484	0.631	249,937,599
2012	18,026,900	242,809,800	3,282,400	500,600	11,719,200	12,810,900	1,169,000	290,318,800	1,867,242	292,186,042	0.630	257,786,181
2011	18,373,400	241,907,400	3,354,400	500,600	11,771,400	13,038,400	1,169,000	290,114,600	1,879,419	291,994,019	0.612	280,891,713
2010	18,423,800	240,822,700	3,247,500	498,100	11,763,400	13,038,400	1,169,000	288,962,900	2,096,236	291,059,136	0.614	266,639,661
2009	18,301,400	241,081,100	3,254,000	498,100	12,095,200	13,122,400	1,169,000	289,521,200	2,061,122	291,582,322	0.572	250,512,980
2008	9,268,175	97,090,890	738,400	546,000	4,089,750	5,914,700	62,400	117,710,315	1,126,837	118,837,152	1.400	234,622,912
2007	9,275,275	94,833,900	790,400	546,000	4,139,050	5,914,700	62,400	115,561,725	1,221,099	116,782,824	1.403	231,561,392
2006	10,466,675	93,369,300	790,400	546,000	4,140,450	6,213,100	62,400	115,588,325	983,653	116,571,978	1.398	207,971,432
2005	10,367,975	92,296,000	823,800	469,200	4,146,650	6,495,100	62,400	114,661,125	1,643,076	116,304,201	1.367	180,710,993

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

***** Estimate

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)

Year Ended June 30,	Commercial Township Board of Education			Overlapping Rates		Total
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Commercial Township	Cumberland County	
2014	\$ 0.575	\$ 0.035	\$ 0.610	\$ 0.567	\$ 0.899	\$ 2.076
2013	0.581	0.050	0.631	0.587	0.852	2.070
2012	0.579	0.051	0.630	0.587	0.848	2.065
2011	0.552	0.060	0.612	0.587	0.921	2.120
2010	0.572	0.042	0.614	0.587	0.835	2.036
2009	* 0.534	0.038	0.572	0.449	0.773	1.794
2008	1.303	0.097	1.400	0.924	1.901	4.225
2007	1.330	0.073	1.403	0.786	1.737	3.926
2006	1.280	0.118	1.398	0.786	1.641	3.825
2005	1.252	0.115	1.367	0.751	1.427	3.545

* First Year of Revaluation.

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the District can submit for a general fund tax levy . The levy when added to other components of the District's net budget may not exceed the pre-budget year net budget by more than the spending growth limitation calculation.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2014		2005	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Whibco Inc. (Whitehead)	\$ 4,992,300	1.71%	\$ 4,493,700	3.86%
Levari, LLC			3,357,200	2.88%
New Jersey Bell Telephone			1,921,976	1.65%
U.S. Silica Co.	2,690,700	0.92%	1,774,500	1.52%
Exelon Generation Co. LLC	2,575,400	0.88%	1,438,500	1.23%
PSE&G				
Ricci Brothers Sand Co.	1,187,000	0.41%		
Whibco Inc. (Ackley)	1,388,400	0.48%		
Taxpayer #1	986,000	0.34%	1,232,400	1.05%
Verizon Dist. 3	886,882	0.30%		
Surfside Products LLC	733,600	0.25%		
Port Norris Marina Inc.	646,200	0.22%		
Taxpayer #2	606,200	0.21%	868,800	0.74%
Taxpayer #3			797,200	0.68%
Bivalve Packing				
Taxpayer #4			740,300	0.63%
Liverpool Estates			636,900	0.54%
 Total	 \$ 16,692,682	 5.71%	 \$ 17,261,476	 14.78%

Source: District CAFR & Municipal Tax Assessor

EXHIBIT J-9

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,		Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
			Amount	% of Levy	
2014	\$	1,838,565	\$ 1,838,565	100.00%	\$
2013		1,845,719	1,845,719	100.00%	
2012		1,792,803	1,792,803	100.00%	
2011		1,791,040	1,791,040	100.00%	
2010		1,674,018	1,674,018	100.00%	
2009		1,668,781	1,668,781	100.00%	
2008		1,649,889	1,649,889	100.00%	
2007		1,646,599	1,646,599	100.00%	
2006		1,602,311	1,602,311	100.00%	
2005		1,357,809	1,357,809	100.00%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, the amount voted upon or certified prior to the end of the school year.

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2014	\$ 1,760,000	\$	\$	\$	\$ 1,760,000	0.91%	\$	341
2013	2,042,748				2,042,748	1.07%		395
2012	2,323,308				2,323,308	1.22%		446
2011	2,601,781				2,601,781	1.41%		501
2010	2,873,317				2,873,317	1.60%		554
2009	3,018,009	5,939			3,023,948	1.67%		559
2008	3,245,990	11,483			3,257,473	1.84%		603
2007	3,462,285	28,465			3,490,750	2.08%		647
2006	3,671,989	78,792			3,750,781	2.33%		698
2005	3,875,162	126,155			4,001,317	2.60%		747

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 1,760,000		\$ 1,760,000	0.61%	341
2013	2,042,748		2,042,748	0.70%	395
2012	2,323,308		2,323,308	0.80%	446
2011	2,601,781		2,601,781	0.89%	501
2010	2,873,317		2,873,317	0.99%	531
2009	3,018,009		3,018,009	1.04%	558
2008	3,245,990		3,245,990	2.73%	601
2007	3,462,285		3,462,285	2.96%	644
2006	3,671,989		3,671,989	3.15%	686
2005	3,875,162		3,875,162	3.33%	726

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Commercial Township	\$ 1,642,408	100.000%	\$ 1,642,408
Other Debt			
County of Cumberland - Township share	65,661,475	2.813%	1,846,742
Subtotal, Overlapping Debt			3,489,150
Commercial Township School District Direct Debt			2,042,748
Total Direct and Overlapping Debt			\$ 5,531,898

Sources: Commercial Township Chief Financial Officer and Cumberland County Finance Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Commercial. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2014

	Equalized Valuation Basis
	2013 \$ 248,402,390
	2012 249,822,563
	2011 257,604,866
	<u>[A] \$ 755,829,819</u>
Average Equalized Valuation of Taxable Property	<u>[A/3] \$ 251,943,273</u>
Debt Limit (3% of Average Equalization Value)	[B] \$ 7,558,298 ^a
Net Bonded School Debt	[C] 2,042,748
Legal Debt Margin	<u>[B-C] \$ 5,515,550</u>

	<u>Fiscal Year,</u>									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 4,351,246	\$ 4,812,331	\$ 5,391,024	\$ 6,137,667	\$ 6,772,680	\$ 7,377,297	\$ 7,835,390	\$ 7,835,390	\$ 7,835,770	\$ 7,558,298
Total Net Debt Applicable to Limit	3,875,162	3,671,989	3,462,285	3,245,990	3,018,009	2,873,317	2,601,781	2,601,781	2,042,748	2,042,748
Legal Debt Margin	<u>\$ 476,084</u>	<u>\$ 1,140,342</u>	<u>\$ 1,928,739</u>	<u>\$ 2,891,677</u>	<u>\$ 3,754,671</u>	<u>\$ 4,962,073</u>	<u>\$ 5,233,609</u>	<u>\$ 5,233,609</u>	<u>\$ 5,793,022</u>	<u>\$ 5,515,550</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	89%	76%	64%	53%	45%	39%	33%	33%	26%	27%

Source: Abstract of Ratables and District Records

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>		<u>Population ^a</u>		<u>Personal Income (thousands of dollars) ^b</u>		<u>Per Capita Personal Income ^{c (1)}</u>	<u>Unemployment Rate ^d</u>
2014	*	5,163	\$	192,505,941	\$	37,286	19.20%
2013		5,174		191,006,023		36,917	19.40%
2012		5,204		190,211,404		36,551	17.40%
2011		5,197		184,805,320		35,560	15.50%
2010		5,186		179,378,554		34,589	13.60%
2009		5,412		180,917,748		33,429	12.70%
2008		5,406		176,965,410		32,735	7.40%
2007		5,398		168,196,282		31,159	6.10%
2006		5,375		161,110,250		29,974	6.80%
2005		5,356		153,626,148		28,683	5.90%

* Estimate

(1) Information for Cumberland County

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

N/A - Not Available at time of Audit

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

<u>Employer</u>	<u>2014</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Inspira Health Network	2,837	0.54		
Durand Glass Manf.	970	0.19		
Gerresheimer Glass	876	0.17		
Wal-Mart	806	0.15		
ShopRite	737	0.14	NOT AVAILABLE	
WaWa	562	0.11		
Seabrook Brothers & Sons	* 550	0.11		
F & S Produce	* 525	0.10		
Sheppard Bus Service	* 520	0.10		
Elwyn New Jersey	518	0.10		
	<u>8,901</u>	<u>1.71</u>	<u>-</u>	<u>0.00%</u>

Source:

This information is for the County of Cumberland.

*Seasonal

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction										
Regular	50	52	51	49	49	48	47	49	46	47
Special Education	8	7	7	12	17	14	19	11	14	14
Support Services:										
Tuition										
Student & Instruction Related Services	17	17	19	16	14	17	15	13	7	7
General Administrative Services	2	2	2	2	2	2	2	1	1	1
School Administrative Services	5	5	5	5	5	7	7	6	4	4
Business Administrative Services	3	3	3	3	3	3		2	1	2
Plant Operations and Maintenance	10	9	9	9	9	9	9	2	2	1
Food Service										
Total	<u>95</u>	<u>95</u>	<u>96</u>	<u>96</u>	<u>99</u>	<u>100</u>	<u>99</u>	<u>84</u>	<u>75</u>	<u>75</u>

Source: District Personnel Records

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/ Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	579	\$ 13,924,902	\$ 24,044	-1.2%	61	9.5:1	579.2	545.8	-3.75%	94.23%
2013	602	14,642,746	24,323	11.3%	60	10.1:1	601.7	562.5	-5.39%	93.49%
2012	636	13,898,256	21,853	6.7%	60	10.6 : 1	636.0	593.3	-3.36%	93.29%
2011	665	13,615,640	20,475	-0.1%	66	10.1 : 1	658.1	609.9	-0.98%	92.68%
2010	655	13,430,362	20,504	11.5%	61	10.7 : 1	664.6	619.3	0.09%	93.18%
2009	680	12,501,858	18,385	-0.4%	59	11.5 : 1	664.0	620.1	0.77%	93.39%
2008	671	12,390,166	18,465	4.8%	59	13.3 : 1	658.9	611.4	-2.17%	92.79%
2007	680	11,979,492	17,617	6.2%	62	10.86 : 1	673.5	624.4	-0.63%	92.71%
2006	678	11,246,824	16,588	5.7%	68	9.97 : 1	677.8	633.6	-4.14%	93.48%
2005	688	10,802,264	15,701	5.2%	75	8.30 : 1	707.1	663.0	-0.06%	93.76%

Sources: District records, ASSA

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>District Building</u>										
<u>Elementary</u>										
Haleyville-Mauricetown (1968)										
Square Feet	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975
Capacity (students)	430	430	430	430	430	430	430	430	430	430
Enrollment	466	463	499	460	492	460	470	444	403	397
<u>Middle School</u>										
Port Norris School (1916)										
Square Feet	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875
Capacity (students)	248	248	248	248	248	248	248	248	248	248
Enrollment	222	216	218	190	188	195	195	192	198	183
<u>Other</u>										
Central Administration (1998)										
Square Feet	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900

Number of Schools at June 30, 2014

 Elementary = 1
 Middle = 1
 High School = 0
 Other = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Haleyville-Mauricetown	65,975	\$ 39,628	\$ 38,639	\$ 121,257	\$ 125,112	\$ 112,057	\$ 112,126	\$ 86,625	\$ 118,932	\$ 76,750	\$ 47,938
Port Norris Middle	49,875	27,078	39,248	92,014	100,901	98,390	74,606	83,659	58,557	61,591	37,037
Total School Facilities		66,706	77,887	213,271	226,013	210,447	186,732	170,284	177,489	138,341	84,975
Other Facilities	1,900	3,683	2,248	61,315	3,195	6,095	5,781	11,141	13,249	10,882	32,996
Grand Total		<u>\$ 70,389</u>	<u>\$ 80,135</u>	<u>\$ 274,586</u>	<u>\$ 229,208</u>	<u>\$ 216,542</u>	<u>\$ 192,513</u>	<u>\$ 181,425</u>	<u>\$ 190,738</u>	<u>\$ 149,223</u>	<u>\$ 117,971</u>

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
School Alliance Insurance Fund	General & Auto Liability	\$ 5,000,000	
	Property & Auto Physical Damage	250,000,000	
	Boiler/Machinery	100,000,000	
	Money and Securities	50,000 ea. Loss (inside/outside)	
	Blanket Dishonesty Bond Including Faithful Performance*	100,000 ea. person/500,000 per loss	
	Computer Fraud	50,000	
	Forgery and Alteration	50,000	
	Environmental Impairment	1,000,000/25,000,000 Fund Agg	
	Excess Liability	5,000,000	
	School Leaders Professional Liability	5,000,000/5,000,000 Agg.	
The Hartford	Public Official Bond - Business Administrator/Board Secretary	100,000	
N.J. School Boards Insurance Group	Workers' Compensation	2,000,000	
American International	Student Accident	1,000,000	

* Blanket Bond Positions are excluded

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

October 16, 2014

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Commercial Township School District
County of Cumberland, New Jersey 08349

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2014, which collectively comprise the Board of Education of the Commercial Township School District's basis financial statements and have issued our report thereon dated October 16, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commercial Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commercial Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commercial Township Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We did, however note two immaterial matters involving internal control that we have reported to the Commercial Township Board of Education in a separate report entitled, *Auditor's Management Report on Administrative Findings, Compliance and Performance* dated October 16, 2014, labeled 2014-1 and 2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commercial Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey labeled Finding 2014-2.

Purpose of this Report

This report is intended solely for the information and use of the audit committee, management, the Commercial Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

October 16, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE REQUIRED BY
OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Commercial Township School District
County of Cumberland, New Jersey 08349

Report on Compliance for Each Major Program

We have audited the Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Commercial Township School District's major federal and state programs for the fiscal year ended June 30, 2014. The Commercial Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the Commercial Township Board of Education's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, local Governments, and Non-Profit Organizations* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Commercial Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Commercial Township Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Board of Education of the Commercial Township School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Commercial Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commercial Township Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. However, we noted one immaterial

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, labeled Finding 2014-2.

Commercial Township Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Commercial Township Board of Education's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the audit committee, management, the Commercial Township Board of Education, the New Jersey State Department of Education, other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,
NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant - No. 915

TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Schedule A
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2013	Cash Received	Budgetary Expenditures	Returned/ Adjust- ments	Balance at June 30, 2014		
				From	To					Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Department of Education												
General Fund												
Medical Assistance Program - (SEMI)	93.778	N/A	19,710	7/1/13	6/30/14	\$	\$ 19,710	\$ (19,710)	\$	\$	\$	
Education Jobs Fund	84.410A	ARRA	360,457	8/10/10	9/30/12		(900)	900				
							(900)	20,610	(19,710)			
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Enterprise Fund:												
U.S.D.A. Food Distribution Program	10.565	N/A	23,656	7/1/12	6/30/13		2,815					
U.S.D.A. Food Distribution Program	10.565	N/A	26,722	7/1/13	6/30/14			26,722	(24,723)		1,999	
Fresh Fruits and Vegetable Program	10.582	N/A	20,843	7/1/13	6/30/14			18,984	(20,843)			
Fresh Fruits and Vegetable Program	10.582	N/A	22,258	7/1/12	6/30/13		(3,843)	3,843				
School Breakfast Program	10.553	N/A	80,884	7/1/13	6/30/14			72,791	(80,884)			
School Breakfast Program	10.553	N/A	68,266	7/1/12	6/30/13		(4,474)	4,474				
School Snack Program	10.555	N/A	11,448	7/1/13	6/30/14			10,744	(11,448)			
School Snack Program	10.555	N/A	8,114	7/1/12	6/30/13		(261)	261				
National School Lunch Program	10.555	N/A	217,914	7/1/13	6/30/14			197,465	(217,914)			
National School Lunch Program	10.555	N/A	212,463	7/1/12	6/30/13		(14,045)	14,045				
Total U.S. Department of Agriculture							(19,808)	349,329	(358,627)		(31,105)	1,999
U.S. Department of Education												
Passed-through State Department of Education:												
Special Revenue Fund:												
I.D.E.A. Part B, Pre-school	84.173	IDEA0950-14	6,070	7/1/13	6/30/14			3,035	(6,070)		(3,035)	
I.D.E.A. Part B Basic	84.027	IDEA0950-11	244,175	9/1/10	8/31/11		893			(893)		
I.D.E.A. Part B Basic	84.027	IDEA0950-13	225,601	9/1/12	8/31/13		(35,886)	35,886				
I.D.E.A. Part B Basic	84.027	IDEA0950-14	217,571	7/1/13	6/30/14			174,057	(217,571)		(43,514)	
Title I	84.010A	NCLB0950-14	478,565	7/1/13	6/30/14			238,235	(316,375)		(78,140)	
Title I	84.010A	NCLB0950-13	507,045	9/1/12	8/31/13		(127,320)	153,055	(25,735)			
Title I	84.010A	NCLB0950-12	500,367	9/1/11	8/31/12		3,173			(3,173)		
Title II A	84.367A	NCLB0950-14	66,140	7/1/13	6/30/14			48,791	(61,697)		(12,906)	
Title II A	84.367A	NCLB0950-13	68,088	9/1/12	8/31/13		(11,638)	12,419	(781)			
Title VI	84.369A	NCLB0950-14	11,667	7/1/13	6/30/14							
Title VI	84.369A	NCLB0950-13	12,521	9/1/12	8/31/13		(12,521)	12,521				
21st Century Prog - PN	84.287C	NCLB0950-14	63,448	9/1/13	8/31/14			28,344	(42,442)		(14,098)	
21st Century Prog - PN	84.287C	NCLB0950-13	45,039	9/1/12	8/31/13		(16,132)	35,332	(22,138)		(2,938)	
21st Century Prog - HMS	84.287C	NCLB0950-14	43,741	9/1/13	8/31/14			27,659	(35,204)		(7,545)	
21st Century Prog - HMS	84.287C	NCLB0950-13	44,241	9/1/12	8/31/13		(3,712)	14,765	(8,106)			2,947
ARRA - Title I A	84.389A	ARRA0950-10	272,936	7/1/09	8/31/11		1,216			(1,216)		
ARRA - IDEA	84.391	ARRA0950-10	238,101	7/1/09	8/31/11		214			(214)		
RTTT3	84.413A	RTTT-0950-13	34,183	9/1/11	11/30/15		(21,625)	31,375	(4,875)			4,875
Improving Literacy Grant	84.215G	216-00-0289	10,000	7/1/12	6/30/14				(9,679)		(9,679)	
Total U.S. Department of Education							(223,338)	815,474	(750,673)	(5,496)	(171,855)	2,947
Total Federal Financial Assistance						\$	(244,046)	\$ 1,185,413	\$ (1,129,010)	\$ (5,496)	\$ (202,960)	\$ 4,946
												\$ 4,875

See accompanying notes to schedules of financial assistance

TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - Schedule B
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2013		Cash Received	Budgetary Expenditures	Cancelled	Balance at June 30, 2014		MEMO		
					(Accounts Receivable)	Unearned Revenue				(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:														
General Fund:														
Equalization Aid	13-495-034-5120-078	\$ 9,272,615	7/1/13	6/30/14	\$		\$ 8,445,444	\$ (9,272,615)		\$ (827,171)	\$ *	\$ (827,171)	\$ 9,272,615	
Equalization Aid	14-495-034-5120-078	9,108,267	7/1/12	6/30/13		(815,831)	815,831							
Special Education Categorical Aid	13-495-034-5120-089	470,267	7/1/13	6/30/14			428,317	(470,267)		(41,950)	*	(41,950)	470,267	
Special Education Categorical Aid	14-495-034-5120-078	467,229	7/1/12	6/30/13		(46,731)	46,731							
Security Aid	14-495-034-5120-084	283,193	7/1/13	6/30/14			257,931	(283,193)		(25,262)	*	(25,262)	283,193	
Security Aid	13-495-034-5120-084	272,502	7/1/12	6/30/13		(27,252)	27,252							
Adjustment Aid	14-495-034-5120-085	944	7/1/13	6/30/14			860	(944)		(84)	*	(84)	944	
Adjustment Aid	13-495-034-5120-085	141,040	7/1/12	6/30/13		(14,104)	14,104							
Transportation Aid	14-495-034-5120-014	196,051	7/1/13	6/30/14			178,562	(196,051)		(17,489)	*	(17,489)	196,051	
Transportation Aid	13-495-034-5120-014	173,417	7/1/12	6/30/13		(17,339)	17,339							
Extraordinary Aid	14-100-034-5120-473	13,513	7/1/13	6/30/14				(13,513)		(13,513)	*		13,513	
Extraordinary Aid	13-100-034-5120-473	12,059	7/1/12	6/30/13		(12,059)	12,059							
Non-public Transportation Aid	14-495-034-5120-014	5,873	7/1/13	6/30/14				(5,873)		(5,873)	*		5,873	
Non-public Transportation Aid	13-495-034-5120-014	5,190	7/1/12	6/30/13		(5,190)	5,190							
Antibullying	N/A	1,622	7/1/13	6/30/14			1,622	(1,622)						
TPAF Post Retirement Medical Contrib	14-495-034-5095-001	270,156	7/1/13	6/30/14			270,156	(270,156)			*		270,156	
TPAF Pension Contributions	14-495-034-5095-007	164,767	7/1/13	6/30/14			164,767	(164,767)			*		164,767	
Reimbursed TPAF Social Security Contrib	14-495-034-5095-002	262,085	7/1/13	6/30/14			245,105	(262,085)		(16,980)	*		262,085	
Reimbursed TPAF Social Security Contrib	13-495-034-5095-002	271,553	7/1/12	6/30/13		(26,770)	26,770							
Total General Fund						(965,276)		10,958,040	(10,941,086)		(948,322)	-	(911,956)	10,939,464
Special Revenue Fund:														
Preschool Education Aid	13-495-034-5120-086	305,816	7/1/12	6/30/13		(30,578)		30,578						
Preschool Education Aid	14-495-034-5120-086	270,063	7/1/13	6/30/14			243,054	(260,973)		(27,009)	9,090	*	(27,009)	260,973
Total Special Revenue Fund						(30,578)		273,632	(260,973)		(27,009)	9,090	(27,009)	260,973
Capital Projects Fund:														
NJSDA Grant - HV	950-025-10-1001	179,902	7/23/10	Closing			21,767		(21,767)				156,420	
							21,767		(21,767)				156,420	
Debt Service Fund:														
Debt Service Aid-Type II	14-495-034-5120-017	205,563	7/1/13	6/30/14			205,563	(205,563)			*		205,563	
State Department of Agriculture:														
Enterprise Fund:														
National School Lunch Prog.	14-101-010-3350-023	4,536	7/1/13	6/30/14			3,891	(4,536)		(645)	*			
National School Lunch Prog.	13-101-010-3350-023	4,671	7/1/12	6/30/13		(576)	576							
Total Enterprise Fund						(576)		4,467	(4,536)		(645)			
Total State Financial Assistance					\$	(996,430)	21,767	\$ 11,441,702	\$ (11,412,158)	(21,767)	\$ (975,976)	\$ 9,090	\$ (938,965)	\$ 11,562,420

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2014

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Township of Commercial School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$9,301 for the general fund and \$3,569 for the special revenue fund. See Note 2 (Notes to Required Supplemental Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE

JUNE 30, 2014

(Continued)

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 19,710	\$ 10,950,387	\$ 10,970,097
Special Revenue Fund	750,673	264,542	1,015,215
Debt Service		205,563	205,563
Food Service Fund	<u>358,627</u>	<u>4,536</u>	<u>363,163</u>
Total Awards & Financial Assistance	\$ <u>1,129,010</u>	\$ <u>11,425,028</u>	\$ <u>12,554,038</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Township of Commercial had no outstanding loans as of June 30, 2014.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2014. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 8: ADJUSTMENTS

There were no adjustments noted on Schedule K-3, Schedule of Federal Awards and there were refunds of prior balances in the amount of \$5,496.

There was a cancellation of an old award in the amount of \$21,767 noted on Schedule K-4, Schedule of State Financial Assistance.

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic
financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes X no
2) Significant deficiencies identified? _____ Yes X none reported

Type of auditor's report issued on compliance for
major programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with section .510(a) of
Circular A-133?

_____ yes X no

CFDA Number(s)

Name of Federal Program or Cluster

84.010A

Title I

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

GMIS Number(s)	Name of State Program
14-495-034-5120-078	Equalization Aid
14-495-034-5120-089	Special Education Categorical Aid
14-495-034-5120-084	Security Aid
14-495-034-5120-085	Adjustment Aid

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)**

Section II - Financial Statement Findings

Finding: NONE

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS

Finding: NONE

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR - YEAR FINDINGS

Financial Statements:

Finding: 2013-3

Condition:

While the District maintains fixed asset records, the updated report, prepared by an outside appraisal company, was not available for examination in a timely manner and accordingly, the current year amounts were determined and adjusted as part of the audit, based on the previous outside appraisal report.

Current Status: Corrective action was taken.